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NEWS SUMMARY

GENERAL

German Interior Minister resigns

Herr Werner Maihofer, West Germany's Interior Minister, resigned yesterday, taking responsibility for errors in the hunt last year for the kidnappers of Dr. Hanns-Martin Schleyer, the industrialist.

His action comes two days after his Free Democratic Party suffered a severe setback in provincial elections. Herr Maihofer's misfortunes in office are felt to have contributed to his party's reversal. Back Page

Police in West Germany have claimed their first success in the hunt for the gang which freed an urban guerrilla from jail ten days ago. They have seized a 24-year-old man believed linked with the gang.

Italian killing

Three terrorists, one a women, shot dead a jail warder in a street in the Italian town of Udine. In Rome, three more suspected urban guerrillas were charged with complicity in the kidnapping and murder of Sig. Aldo Moro, the former Premier, taking the number charged to nine. Page 3

Troops for Zaire

The U.S. is preparing to fly troops from Gabon and Senegal to join the Moroccan force sent to defend Zaire's Shaba province against any further rebel invasion. President Kaunda of Zambia has made a surprise visit to Zaire for talks with President Mobutu, who has accused the Zambian leader of allowing rebels to pass through its territory. Page 4

Test ban move

Britain and the U.S. are expected to propose a five-year ban on all nuclear testing in negotiations with the Soviet Union in Geneva this week. They hope to speed up the long-running Geneva talks at which the three Governments are seeking to draw up a comprehensive test ban treaty. Page 4

Desai in London

Mr. Morarji Desai, Indian Prime Minister, has arived in Britain on a threeday visit, during which he will have talks on trade, race relations and nuclear energy. Defending his government's performance in its 14 months in office, he said India had come out of a nightmare into the clear light of the rule of law.

Slow recovery

Princess Margaret is making a slow recovery from her illness and her doctors have advised her to undertake a strictly limited number of public engagements for the time being, Kensington Palace said. The 47-year-old princess went down with gastroenteritis and mild hepatitis six weks ago.

Living alone

More and more people in Britain are living alone as old-style family ties loosen, according to a General Household Survey. Young people are leaving home earlier, more marriages are ending in divorce and old people who would once have attached themselves to their children's families are more often left to live alone. Society today, Page 23

Act of God

Rev. Edward Bland, 63, who ruptured an achilles tendon while walking home after an open-air service in Lancashire, has become the first clergyman in Britain to draw sickness benefit for an indutrial injury while on parish duty. His claim to the Health Department detailed loss of earnings—six funerals at £7 a time, an £8 wedding and six cremation services in one month alone.

Briefly . . .

Italy beat Hungary 3-1 in their World Cup Group One match.

Hundreds of servicemen's wives marched through London to protest about their husbands' pay.

Bus careered over people sleeping on a footpath in Calcutta, killing six and injuring five.

BUSINESS

Gilts waver on bank figures

● STERLING closed 35 points up at $1.8240 after favourable market reaction to UK mid-May banking figures. The pound's trade-weighted index was 61.3 (61.1) and the dollar's depreciation was unchanged at 5.4 per cent.

● GILTS were unsettled after the banking figures became known. The Government Securities Index closed 0.04 up at 68.83.

● EQUITIES recovered despite a low volume of trade. The FT 30-Share Index edged higher to close 3.2 up at 477.7.

● GOLD closed $1¾ down at $181¾ in London, after weakening in response to a firmer dollar.

● WALL STREET was 3.48 up at 872.31 near the close.

● SHELL PETROLEUM Company is arranging a $300m standby credit with a small group of Japanese banks, led by the Dai Ichi Kangyo. The terms of the loan are not known. It is the first time that a Japanese bank has arranged such a large loan for the company.

● JAPANESE sales of imported cars last month totalled 4,387, a 30.4 per cent increase on sales for May last year, the Japan Automobile Importers' Association has announced. Page 6

● IN A SURPRISE move the Governmen has agred to a Tory amendment to the Finance Bill which increases tax relief for self-employed people who spend some working time abroad. Back and Page 10

● PRICE RISES on most cigarettes produced by Carreras Rothmans have been announced. Back Page, News Analysis Page 7

● BRITISH SHIPBUILDERS has unveiled a series of new ship designs and announced a £14m. order for two of them from a Greek owner based in the UK. Back Page

● ENERGY SECRETARY Mr. Anthony Wedgwood Benn has rejected the idea of imposing a special tax to bring natural gas prices into line with those of other fuels. Page 7

● POST OFFICE engineers agreed to settle within the Government's pay guidelines, but have demanded an end to wage restraint and decided to negotiate a 20 per cent. increase next year. Page 10

● TUC steel committee chairman Mr. Bill Sirs is to urge the Government to maintain steel production in defiance of EEC plans to cut Community output in the third quarter of this year by more than 2m tonnes. Page 4

COMPANIES

● STEYR - DAIMLER - PUCH, Austria's largest private industrial entity, reported a 17 per cent sales increase during the first quarter of this year, compared with a 9 per cent rise for the whole of last year. Page 31

● METAL BOX South Africa, 58.5 per cent owned by Metal Box UK, reported an improvement in net operating income for the year to March 31. This rose from R10.9m to R13.3m (about £7.8m). Page 33

● TADIRAN, Israel's largest electronics company, raised its net profit last year by 61.4 per cent to I£127.7m (£3.6m). Page 33

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 9½pc '82 A	£92¼	+ ⅛
Excheq. 12pc 1998	£93¾	+ ½
Comet Radiovision	132	+ 6
Hay (Norman)	55	+ 6
Heron Motor	130	+ 16½
McDonald Martin Dst.	450	+ 30
Marchwiel	310	+ 12
Metal Box	313	+ 5
P. & O. Dfd.	100	+ 3
Philip's Lamps	982	+ 37
Rank Org.	280	+ 6
Savoy Hotel A	87	+ 4
Thomson Org.	255	+ 7
United Carriers	80	+ 11
Usher-Walker	58	+ 8
Oil Exploration	256	+ 18
Ranger Oil	£25	+ 2⅛
Siebens (UK)	383	+ 25
Harrisons Mal. Ests.	96	+ 6
Warren Plantations	234	+ 12
Minorco	190	+ 8
Yukon Cons.	172	+ 5

FALLS

Amal. Distilled Prods.	38	− 4
Camrex	64	− 4
Elson and Robbins	92	− 6
Martin the Newsagent	242	− 5
Mills and Allen	153	− 10
Wedgwood	221	− 11
Tasminex	70	− 5

Schmidt leaves way open for package deal on growth

BY JONATHAN CARR: BONN, JUNE 6

West Germany has no immediate plan for further steps to try to boost the economy, Chancellor Helmut Schmidt said to-day. At the same time he left the door open for a decision on new measures this summer.

His remarks, in an interview with the West German news agency DPA, strengthened the view that Bonn may now be ready to seek more growth as part of a package deal with its main trading partners.

Other key elements in the deal would include firm steps by the U.S. to cut oil imports, a pledge by Bonn's partners to resist protectionist pressures, and renewed efforts to counter currency unrest.

The whole could be tied up at the western economic summit conference here on July 16 and 17.

Herr Schmidt did not directly refer t osuch a deal. But he did cite energy, protectionism and currency matters—as well as efforts to improve economic co-operation between the developed and developing world—as major, inter-related problems to be covered at the summit.

In particular, he wished President Carter success with his energy-saving programme — stressing that the President had the power to step in himself if Congress refused to act.

He expected the U.S. would make clear at the Bonn summit that it favoured the scheme to forge a wider zone of currency stability in Europe—an idea outlined by Herr Schmidt at the European Council in Copenhagen in April.

Herr Schmidt's comment on U.S. support was noted here with special interest, in view of his meeting a week ago in Washington with President Carter.

So far, Britain has shown reserve towards the currency scheme, partly on the grounds that it fears the U.S. might interpret it as directed against the dollar.

Better

On the German economy, Herr Schmidt stressed that the emphasis should be laid on medium and long-term strategy rather than short-term efforts which provided only an inflationary boost.

He wanted to wait for the statistics on the economy's performance in the second quarter of the year, believing that these would be better than those for the first three months.

Dr. Otmar Emminger, President of the Bundesbank, has just given a similar view. He thought that after a disappointing start, real growth in gross national product this year might yet total 3 per cent.

The Government had aimed at 3.5 per cent, with both Britain and the U.S. urging efforts to achieve even more.

It is noted here that the first quarter statistics are open to correction and give no wholly clear picture. A second round of Cabinet discussions on the economy and the 1979 Budget is believed to have been postponed from June 21 until the second half of July, after the Bonn summit.

It is emphasised that there would be little point in Bonn deciding on supplementary economic measures now, only to come under pressure at the summit to do even more.

Should the performance of the economy as well as the attitude of Bonn's partners suggest that another economic programme is desirable, then both tax relief and direct investment measures are likely to emerge.

The particular aim would be to help those branches of industry and research expected to provide the jobs of the future.

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Inflation should stay in single figures—Callaghan

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN told the Commons yesterday that Government policies should ensure that the inflation rate never returned to double figures.

The Prime Minister predicted that the rate would hover for some time between 7 and 8 per cent.

"I would like to see it come down but I doubt if that is likely," he said.

But the Government's fiscal and monetary policies, together with some moderation in wage settlements, should ensure that it was kept under control.

"I don't see any reason, if we carry out our policies, why it should ever get back to double figures," he declared.

Mr. Callaghan told MPs that though an increase in the mortgage rate would be regrettable, the Government would not intervene in any building societies' decision.

"It is important that they maintain their own balances properly."

The Prime Minister's emphasis on keeping inflation within single figures reflects his concern that the Conservatives should not gain political advantage from any small increase in the retail price index during a possible General Election campaign this autumn.

The Government expects the inflation rate to fall again to about 7.5 per cent this month and about 7 per cent in July and August.

In the autumn the retail price index is likely to fluctuate between 7 and 8 per cent, say Government forecasts.

Ministers intend, therefore, to reassure the voters that an inflationary upsurge is unlikely to follow any small monthly increase in the index. They also intend to explain fully the effects of various influences on the index.

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Mortgage rates, Page 7

While this action to protect the Government's position in an autumn election is being taken, Mr. Callaghan has told colleagues that he will not decide the date of the General Election until August.

The Prime Minister, reported to be anxious to avoid suspicion of gimmicks or running to the country at the first favourable moment, has said he will take a "long cool look" at the situation from his Sussex farm in the summer recess.

Some of his advisers, though few senior Cabinet Ministers, are still inclined to hold off until the spring of next year.

Cabinet Ministers are submitting legislative proposals for another Party session, but their main calculation centres on whether it would be more advantageous for the Government ot be forced into an election by defeat on the Queen's Speech, rather than choose an October date itself.

Apart from the Government's showing in the opinion polls, three other factors, they believe, now press Mr. Callaghan towards an autumn General Election.

These are the Bonn economic summit in July which is expected to heighten Mr. Callaghan's prestige: the TUC in early September, which could yield some understanding on wage moderation; and the referendum on Scottish devolution, which a majority of the Cabinet would like to hold after the election, but which cannot be long delayed after the end of the present session.

Land Securities revalues property

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

LAND SECURITIES Investment Trust's investment properties increased in value by £167m last year. A sample valuation of the world's largest property company revealed a 21.6 per cent rise in values since March, 1977, enough to push the value of its property holdings to £993.8m.

This sample valuation, which has not been incorporated into the group's accounts, confirms the dramatic recovery in property investment values in the past year.

Although Knight Frank and Rutley, Land Securities' valuer, notes an easing of property yields since the March year-end, yesterday's news provided a mild tonic for the property share sector. Land Securities' own shares rose 2p to 215p on news of a 21 per cent increase in pre-tax profits to £26.3m and on reaction to the revaluation, which would push net assets per share from 225p to 303p.

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Land Securities' revaluations have had a powerful influence on the property market in the past. In 1973 a revaluation to £1.028bn followed that November by a further revaluation to £1.306bn, marked the peak of the property boom.

One radical departure in Land Securities' 1977-78 results is its decision to abandon the practice of treating interest paid to finance property development as an asset and instead to incorporate it as a deduction in the profit and loss account.

This decision cut £3.8m from the group's post-tax distributable profits in the year, and it could have wide ranging implications for the accounting treatment of development interest charges throughout the property sector.

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FEATURES

For latest Share Index 'phone 01-246 8026

Minister calls in petrol chiefs

By Elinor Goodman, Consumer Affairs Correspondent

MR. ROY HATTERSLEY, the Prices Secretary, has asked to see the heads of all the big oil companies to discuss the petrol price rises which resulted from the companies reducing their financial support to some garages.

The Minister is clearly worried about implications for the retail prices index, and wants to know more about the reasoning behind the oil companies' latest moves.

A series of meetings is expected to be held over the next few days with executives of the individual companies.

The two sides will presumably see things differently. While Mr. Hattersley would like to see petrol price rises kept to a minimum, the oil companies would eventually like to end the forecourt price-cutting war.

Last week, Esso wrote to many of its dealers telling them that it was withdrawing a large part of the support aid which has enabled them to cut several pence off the scheduled price of petrol.

The move has resulted in increases of a penny or two a gallon in many garages—particularly in urban areas where price cutting has been most intense. The other major oil companies are following suit.

Temporary

The oil companies did not give the Price Commission advance warning of their action because they did not consider that a reduction in what they regarded as a temporary support programme for dealers fell within the Commission's jurisdiction.

Since then, the Commission has raised the matter with Esso, but it seems to have concluded for the time being that there is nothing it can do about the rises.

Mr. Hattersley could, however, presumably make a sectoral refenence of all the oil companies to the Commission.

Alternatively, he could, perhaps, try to get a voluntary assurance from the companies about future price rises as he did from the brewers.

In spite of last week's reduction in dealer support, the oil companies will go on contributing almost 2p a gallon to some dealers' prices.

$ in New York

—	June 6	Previous
Spot	$1.8180-8190	$1.8225-235
1 month	0.48-0.43 dis	0.45-0.38 dis
3 months	1.60-1.54 dis	1.30-1.25 dis
12 months	6.40-6.20 dis	6.40-5.20 dis

Money supply growth rate is slower

BY MICHAEL BLANDEN

THE GROWTH of the money supply slowed down last month, the first of the new financial year, after the sharply excessive figure recorded in April.

The latest banking figures suggested that, in the month to mid-May, the increase in the sterling money stock on the wider definition (M3) was substantially lower than the previous month's rise of 2.5 per cent.

The growth may still have been, however, at or above the top end of the official target range for the current year. This was fixed in the Budget at an increase in sterling M3 of 8-12 per cent subject to adjustment after six months.

This was a slight reduction from the 9-13 per cent range set for the past year to mid-April, which in the event was substantially exceeded with a growth of sterling M3 over the year of 16½ per cent.

The banking figures also indicated a marked upsurge in bank lending, apparently associated mainly with the rise in consumer spending and possibly with growing leasing business. This increase, coupled with the continuing difficulties being experienced by the authorities in selling gilt-edged stock to fund the Government borrowing requirement, is causing growing concern over the expansion of domestic credit.

In his recent letter of intent to the International Monetary Fund, Mr. Denis Healey, the Chancellor of the Exchequer, affirmed his determination to keep domestic credit expansion within a limit of £6bn in the current financial year.

The figures were not well received in the gilt-edged market, where, after showing rises of up to ¼, prices were easing in late dealings last night with continued speculation on possible further moves to control the growth of credit.

In the money markets, short-term interest rates have moved up in the last few days, bringing the possibility that the banks will consider adjusting their own base lending rates upwards.

The main pointer to the money stock was given by the Bank of England figures for the eligible liabilities of the banking system. These are the main deposit funds and a major constituent of sterling M3.

Eligible liabilities increased by 1.4 per cent to £44.5bn in the four weeks to mid-May. This compared with a jump of more than 3 per cent in the previous month.

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An important factor helping to hold down the money supply growth was probably the substantial intervention undertaken by the Bank of England to support sterling during the month.

Yesterday the Bank was again thought to have intervened, although on a smaller scale than on Monday, and in quieter exchange markets the pound gained 35 points to $1.8240 with its trade-weighted index rising from 61.1 to 61.3.

Figures published by the London clearing banks showed a rather smaller increase of 1 per cent in their eligible liabilities, but a substantial rise in lending.

They reported that their sterling advances to the U.S.

Continued on Back Page

BTR move into U.S.

BY DAVID LASCELLES IN NEW YORK AND MARGARET REID IN LONDON

BTR, the British engineering group, is buying a 32 per cent stake in Worcester Controls Corporation, the U.S. valve concern which owns Worcester Controls of the UK, and will bid for the rest of the shares at the same price, $30 a share. The terms value the Worcester group at $48m (£26½m).

The offer for full control has not received the support of the three British Norris brothers, who own 13 per cent of the capital of the U.S. company, of which they are all vice-presidents, and who run the British business, which accounts for more than half the Worcester group's turnover.

Mr. Eric Norris said in Britain last night that he would continue today to have discussions on alternatives with a merchant bank. He and his brothers Kenneth and Lewis still believe that a higher offer could have been obtained.

Last night's announcement that BTR had reached agreement for the sale to it of the 32 per cent holding—including the shares of Mr. Robert McCray and other officials of Worcester Controls Corporation—followed several days of tense discussions. The opposition of the Norris family to the projected BTR offer

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EUROPEAN NEWS

Spain has $76m. current account surplus in April

BY ROBERT GRAHAM MADRID, June 6.

SPAIN'S current account balance of payments achieved a $76m surplus in April. This is the best monthly figure this year and further evidence that on the external front at least the Government's economic measures are working.

The turnround in the current account has been striking. During the same month last year a $438m deficit was recorded. The figures for the first four months are even more impressive: the current account deficit was $72m against $2.27bn in the same period last year.

The improvement in the current account has caused a substantial rise in Spain's foreign reserves According to provisional figures these reached a record $7.2bn in May, compared with $4.2bn in May, 1977.

In the first five months of this year, reserves have increased by a monthly average of almost $200m.

This had affected the peseta, which has now recovered some ground since the 22 per cent devaluation last July. The peseta has regained almost 9 per cent against the dollar, while it has appreciated over 5 per cent against other leading currencies.

The strong reserve position, combined with the continued low level of imports (only 2 per cent up in April), the maintenance of the upward trend in export earnings, and projections for a boom year for tourist receipts mean that the current account deficit for 1978 could be below the anticipated $1.5bn, already a downward revision of an earlier projection.

Unofficial estimates are that the healthy trend in tourist earnings and continued slack on the import side will push up reserves to some $8.5bn by the end of the summer.

This situation is producing an important reassessment of foreign borrowing policy. At the outset of the year the target for foreign borrowing was $3.1bn. At the time, some foreign bankers were beginning to show concern that this continued high level of foreign borrowing would substantially increase Spain's foreign debt to some $15bn, and create a heavy debt service ratio.

Now Spain almost certainly will not need to borrow so much. More important, the Government is expected to avail itself of the opportunity to accelerate the repayment of some high-interest short-term debts. Meanwhile, more as a political gesture, the Government has decided to provide a $25m credit to Peru as part of a $85m special package with several Latin American countries to assist Peru's short-term liquidity problems.

Central bank starts libel action

BY OUR OWN CORRESPONDENT MADRID, June 6.

THE BANK of Spain has taken the unprecedented step of instituting legal proceedings against a Spanish newspaper for alleged publication of false information. The action follows publication of a series of articles in El Imparcial, a right-wing daily founded late last year.

All papers concerning the matter are now in the hands of the Chief Public Prosecutor, according to Bank of Spain officials. The articles made sweeping allegations against senior bank officials for their handling of the collapse of the small Banco Cantabrico. Banco Cantabrico collapsed at the end of January in the wake of the demise of Banco de Navarra.

The articles alleged that the Bank of Spain acted outside its authority in taking over Banco Cantabrico, and made further serious but unsubstantiated allegations against certain senior officials, regarding the incorporation of the collapsed bank into a specially formed "bank hospital"—the Corporacion Bancaria—in which the Bank of Spain held 50 per cent of the equity and the 108 banks held the rest. Last week, it was revealed that on May 18 the Bank of Spain had lodged an action for alleged fraud against Sr. Alfredo Calle, the former chief executive and main shareholder in Cantabrico.

Apart from the Bank of Spain's action against El Imparcial, at least two of the bank's senior officials are understood to have lodged private actions for defamation against the newspaper.

Stalemate in Poland-Vatican talks

BY CHRIS BOBINSKI WARSAW, June 6.

FOUR YEARS after talks between the Polish authorities and the Vatican began, prospects for normalisation of relations are still remote. This is the conclusion to be drawn as Vatican diplomat Archbishop Luigi Poggi left Warsaw this morning after a two-week visit to Poland.

This evident lack of progress comes despite last autumn's visit by Polish leader Mr. Edward Gierek to the Vatican, his meetings with the Polish Primate, Stefan Cardinal Wyszynski, both in Warsaw and in Rome, and the apparent improvement in church-state relations which followed.

Irish hope to reopen Ferenka factory

By Michael Lafferty

THE IRISH Government hopes to make an announcement about the re-opening of the former Ferenka steel cord factory in Limerick within the next 10 days. This was said in London yesterday by Mr. Raphael Burke, Ireland's junior Commerce Minister.

The Government has been making strenuous efforts to re-start work at the £20m Limerick plant ever since Akzo, the Dutch multinational, unexpectedly closed down its subsidiary's operations in Limerick at the end of last year with a loss of 1,400 jobs. It was the biggest industrial shut-down ever experienced in Ireland.

While Akzo maintained that union troubles had contributed to its decision, the Irish Government claims that the closure arose largely from financial difficulties within Akzo itself.

Mr. Burke refused to reveal the identity of the foreign company which he hopes will take over Ferenka. He was in London yesterday for meetings with 300 senior executives from Britain's largest companies.

He also announced that Ireland is to spend £350m on developing external and internal telecommunications and said that the Government had adopted "ambitious economic growth targets" to be achieved by 1980.

"For example, we plan to expand manufacturing employment by more than 20 per cent over that period, this, in turn, will require an estimated investment of £1.2bn in new manufacturing facilities."

A correspondent in Dublin writes: Mr. Desmond O'Malley, the Minister for Industry, Commerce and Energy, confirmed in Limerick tonight that he hoped to be in a position to make an announcement about the reopening of the Ferenka plant within ten days. He told the Financial Times he was not in a position to give any further information. "Negotiations are still at a critical stage."

EEC to open Portugal negotiations

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT LUXEMBOURG, June 6.

EEC FOREIGN Ministers agreed today to open "as soon as practically possible" formal negotiations with Portugal on its application to become a full member of the Common Market.

In practice, this is expected to mean that the talks will start in September or October, after the Community's summer break. This timing is acceptable to the Portuguese Government, which would like to link the start of negotiations with the publication of its new medium-term economic programme in the autumn.

Today's decision by the EEC Council of Ministers applies only to the principle of starting negotiations. The way in which these should be conducted—as well as proposals by the European Commission to give Portugal financial aid before EEC entry, have yet to be decided.

It is still not clear how long the negotiations will last, and how the timing of Portugal's eventual accession to the EEC will relate to that of Greece, which has been negotiating to join for almost two years.

Dr. David Owen, the U.K. Foreign Secretary, said today that, while it was important to treat each negotiation separately, it could be advantageous if Greece and Portugal were to enter the EEC at the same time, since this would minimise disruptions caused by the enlargement process.

But he acknowledged that it might be difficult to ensure that the admission of the two countries coincided, and said that the EEC should not attempt to foist such an arrangement on the applicant countries against their will.

The Commission is also working on its formal opinion on Spain's application for membership, which was submitted last July. This is expected to be published next spring, after which the Council of Ministers will be called on to decide whether to open negotiations.

In its opinion on the Portuguese request, published several weeks ago, the Commission endorsed it on political grounds but warned that the country's economic integration into the EEC posed a number of serious practical problems and would have to be handled carefully.

Chances have improved of end to U.S. embargo, says Ecevit

BY METIN MUNIR ANKARA, June 6.

MR. BULENT ECEVIT, the Turkish Prime Minister, returned to Ankara from the U.S. today with the impression that the chances have improved considerably of the U.S. arms embargo against Turkey being lifted.

"President Carter and the American Administration are fully aware of the injustice of the embargo and that it is not serving anybody's interests," he said in an airport statement during a brief stop-over in Istanbul "They are determined to do everything in their power to obtain its abrogation."

Although he could not say with certainty that the embargo would be revoked, he said he was "under the impression that the chances of the embargo being lifted have improved considerably in the last few days."

The ban on arms supplies to Turkey was imposed by the U.S. Congress seven months after Mr. Ecevit ordered the Turkish army to Cyprus in the summer of 1974. The embargo, ostensibly a punishment for Turkey's use of American arms in Cyprus, was also designed to press Ankara into making concessions in Cyprus. Turkey riposted by shutting down all but one of the 26 American bases in Turkey and cancelling its defence pact with Washington.

Last month President Carter asked Congress to revoke the ban. His motion was rejected by the Senate Foreign Relations Committee.

"I look at the days ahead with more confidence," Mr. Ecevit said summing up his 14 days abroad. His trip took him to Brussels, where he discussed NATO and EEC matters, and Washington for the NATO summit.

In New York, where he addressed the UN session on disarmament, Mr. Ecevit met American bankers who are among Turkey's biggest creditors andd iscussed both the restructuring of his country's debts and the chances of obtaining fresh money.

Lisbon takes action on compensation

By Jimmy Burns LISBON, June 6.

PUBLICATION IN the State gazette this week of a ministerial order signed by Dr. Vitor Constancio, Minister of Finance, will be the first sign that the Portuguese Government has decided to go beyond verbal assurances to settle the problem of indemnities.

It was confirmed today that the order signed on the eve of Dr. Constancio's trip to the U.S. will mean that those companies or private individuals wishing to be compensated for shares and property lost after April 25, 1974, will be able to apply for indemnification.

The next step is expected to be an analysis of claims by Portuguese banks with a view to calculating how much is owned by the Government.

The procedure is expected to take several months and compensation will almost certainly be made in the form of bonds.

Settlement of outstanding claims was promised by the alliance of Socialists and Christian Democrats in its programme last January, to re-establish business confidence and attract foreign capital.

Regilding the Golden Horn

BY METIN MUNIR

THE FERRY up the Golden Horn leaves from the Galata Bridge in Istanbul every two hours. It is a small white, one-decked steamer of about 150 tons, built in Britain around 1910 when Istanbul was the capital of the Ottoman empire. At the turn of the century the shores of the Golden Horn, curving around the five-mile-long estuary, housed the city's commerce and night life as well as the residencies of the wealthy European, Greek and Jewish merchants.

From a pavement display at Taksim Square near the new Intercontinental Hotel one can still buy old postcards of Constantinople as it then was, showing a Golden Horn with long caiques, clean waters, and white-washed wooden villas.

The banks of the Kagithane creek flowing into the Golden Horn were the most popular Ottoman picnic spot where cravated clerks wooed heavily veiled and escorted maidens. Fener, where the Greek Orthodox Ecumenical Patriarchate is situated, was full of Greek taverns and restaurants. At Balat more than 50,000 Bulgarians lived near their cathedral, St. Stephen of the Bulgars. Each year on January 7 two Bulgarians dived into the cold waters to retrieve a cross thrown into the Golden Horn in the Orthodox Epiphany ceremonies.

Pilgrims crowded the courtyards of Eyup mosque, the fourth holiest shrine of Islam, where Mohammed's standard bearer is buried. The Jewish community, which escaped from the Spanish inquisition in the 15th century, also lived on the Golden Horn.

Now the rich foreigners and minorities have moved to the shores of the Bosphorus, the narrow waterway running between the European and Asiatic shores of Istanbul. The Golden Horn has turned into an open sewer, its environs have been swallowed up by slums and industries.

Every year 2m tons of industrial and shipping refuse and sewage pour into the estuary, and it has long ceased to sustain fish and in some sections even plankton. A dolphin which blundered into the Golden Horn from the Bosphorus recently was drowned.

Not only the water in the Golden Horn is filthy—the air above it is three times more polluted than the maximum acceptable international limit, as defined by the World Health Organisation.

Restoring to the Golden Horn its ancient charms and functions has an appealing sound to Turkish ears. It would make sound economic and city planning sense as well.

In the derelict slums around the Golden Horn there live more than 1m people constituting more than a third of the population of the city. More than 3m tons of goods a year are handled by the maritime traffic in the estuary, or nearly one third of the whole traffic handled by the port of Istanbul, the country's biggest. Lorries transport another 8m tons a year to industrial sites in the area.

Some 1.7m square metres around the estuary house a large proportion of the manufacturing industries, depots and dockyards of Istanbul. All of this activity is superimposed upon a nightmare of urbanisation. Virtually every amenity from roads to water and gas to sewage is inadequate. The traffic is among the most congested in Istanbul, which is saying something.

In 1975 the Ministry of Public Works commissioned from Istanbul's Bosphorus University a master project for rehabilitating the area. A large group of experts under Professor Semih Tezcan worked for two years and prepared a comprehensive project. It foresees an expenditure of $64m (at 1977 prices) over 12 years for the complete rehabilitation of the area — "a step towards paying our debt to history, the city and the country," as the 45-year-old professor of engineering put it.

His plan is to move the dockyards, industries and depots to other parts of Istanbul.

Professor Tezcan says that 60 per cent of the 700 businesses polled in the Horn said that they would go voluntarily, so weary were htey of the congestion and inefficiency.

Under the Tezcan plan $22m would go towards expropriation. Of the rest $15m would be spent on sewage, $4.8m on new roads and $4m on turning the region around Eyyup Mosque into a park. The proposal is for a section of the estuary to be filled in to create grounds for a park. The 40 other Byzantine and Ottoman monuments in the area would all be surrounded with parks and places of entertainment. The general purpose is to turn the golden horn into a major tourist attraction.

No sooner had the Ministry of Public Works received the project last year than it shelved it. There is little hope that it will see daylight again. The Golden Horn is only one segment of Istanbul which as a whole is in dire need of solutions for its problems of fast population growth and industrialisation. There is neither an overall plan nor funds for the city, Turkey's biggest and most industrialised, which continues to grow in an incredibly haphazard manner.

There are some indications, however, that things may be improving. The parliament is discussing a new Bill which will considerably increase the revenues of the impoverished municipalities. The World Bank has promised funds for the city if a metropolitan plan can be produced. The Greater Istanbul Planning Office is working on it.

Meanwhile, the Golden Horn continues to decay but is still one of the most interesting sites in Istanbul despite the smell, the rotting hulks, and the mud banks.

Commissioner rebuked

The Danish Foreign Minister, Mr. K. B. Andersen, said yesterday that statements by the EEC Commissioner, M. Claude Cheysson, on Soviet policy in Africa were out of tune with the Community's policy, Reuter reports from Copenhagen. M. Cheysson last week accused the Soviet Union of providing developing countries with considerable military aid but failing to assist their economic development.

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French industry told not to 'abuse' price freedom

BY DAVID CURRY

PARIS, June 6.

THE FRENCH Government has shown the first public signs of anxiety over the likely rise in retail prices this year by warning industry not to "abuse" the freedom now being restored to it to fix its own prices.

The caution comes in a letter from the Industry Minister, M. Rene Monory, to the heads of the three main employers organisations: the Patronat, the small business organisation, and the Association of Chambers of Commerce and Industry.

At the same time the President of the Competition Commission (until recently the all-powerful Prices Commission) has been told by the Prime Minister, M. Raymond Barre, that the resources of the Commission will be substantially increased next year.

Following a 1.1 per cent retail price rise in April and the certainty that, under the impact of sharply higher public sector tariffs and industrial prices increases, the monthly indices will continue to be bad throughout the summer, many commentators are expecting price inflation to be above 10 per cent in 1978.

The Government is trying to peg wages to the rise in the cost of living (except for a relatively bigger increase at the bottom of the scale) and does not want to get caught in a prices-wages spiral if companies and unions think that they can pass on higher wages in price rises.

Hence, M. Monory's letter reminds companies particularly that they should pay attention to the growth of their wage bill and should keep a very careful eye on their costs in order to be able to keep price increases to the most modest level possible.

He notes that industry had reassured him that price increases under a system of total freedom need not be more severe than under the regime of price control.

The Government is pledged to set free the bulk of industrial prices (petrol products is a notable exception despite the crisis in the refining sector) by October 15.

While welcoming the move generally, industry has been pressing for the service sector, particularly that closely linked with manufacturing, to enjoy a similar freedom.

It has also complained that the very sharp increases in public sector tariffs for electricity, the railways, the Paris transport network, and the postal service not only immediately increase costs for industry but set a bad example by causing the public at large to associate price freedom with price rises.

In addition to the new prices regime and the recent measures to encourage the flow of savings into industrial investment, M. Francois Ceyrac, the head of the Patronat, has sought the immediate revaluation of balance sheets, the doubling of the tax bonus on dividends to 100 per cent, and heavier subsidies on lending to industry to reduce the real cost of borrowing for French companies.

Police clear out strikers occupying Renault plant

BY OUR OWN CORRESPONDENT

PARIS, June 6.

RIOT POLICE and gendarmes cleared strikers from the heavy press shop at the Flins plant of the Renault motor company in the early hours of this morning, as the company displayed its intention of standing firm against demands for sharp increases in salary.

But while the strikers in the plant—numbering fewer than 100, the majority of them immigrants, at the time of the evacuation—left quietly, the hard core of young militants occupying the gearbox and engine plant at Cleon, near Rouen, were giving no hint of whether they would obey a court order to leave the factory by mid-morning tomorrow.

At Cleon there is also a strong immigrant element among the strikers, but classification and grading seems to be a more immediate issue than pay. There is little sympathy action in other factories, apart from sporadic stoppages at Douay and Sardouville.

The company, which says that to concede the pay demands for a FFr. 3,000 a month minimum wage plus FFr. 300 a month all round would make its vehicles uncompetitive, reckons that the unrest has come too close to the summer holidays for many workers to risk their pay packets in sympathy action.

The unions appear to be thinking on the same lines. They have doubled their appeals to the company to start talking and have called for little more than symbolic sympathy action.

The Flins factory has been closed by the company until Thursday, making 20,000 workers idle. The strikers at Cleon have installed pickets to close the plant, and presumably the company will call on the police to remove them if they do not depart voluntarily before tomorrow's deadline expires.

Renault needs to face down the strike action quickly: the Flins plant assembles the newly launched R18, which is being promoted as the company's first real "international" design and which is eventually destined to be built in the US.

While all three main French manufacturers saw car sales fall in the first quarter, Renault suffered the biggest drop, partly because Peugeot and Chrysler had new models on the market. Renault will not want its own competitor in this sector to suffer from dislocated production so soon after its launch.

Terrorists in Italy kill prison officer

By Paul Betts

ROME, JUNE 6.

TERRORISTS shot dead a senior prison guard in the northern town of Udine today only 24 hours after Rome judicial authorities charged six people with alleged involvement in the kidnapping and murder of Sig. Aldo Moro, the former Prime Minister.

Two extreme left-wing groups, the Red Brigades and the so-called "Armed Nuclei for Communism" simultaneously claimed responsibility for the murder of the prison officer, Sig. Antonio Santoro.

Sig. Santoro was chief guard at Udine jail, where Red Brigades members have been held and which has recently been involved in a scandal concerning a drugs racket inside the prison.

Meanwhile, Italy's main political parties are involved in the last stages of the campaign for the two referenda promoted by the small Radical Party to be held on Sunday.

The main parties are presenting a united front against the Radical proposals to abolish current public order legislation and the law concerning the public financing of political parties.

The Christian Democrats and the Communists are particularly keen to see a large turnout on Sunday, when the Radical proposals are generally expected to be defeated. A large turnout would be regarded by the main parties as psychologically important for the fragile political framework in which the Communists directly support a Christian Democrat minority Government.

In view of the referenda campaign, the Prime Minister, Sig. Guilio Andreotti, today postponed a Cabinet meeting originally scheduled for Friday until next week. The Cabinet meeting was expected to consider a second package of measures to cut the public sector deficit to about L24,000bn (£15bn) this year.

WEST GERMANY'S MOONLIGHTING WORKERS

Black is profitable

BY GUY HAWTIN IN FRANKFURT

WEST GERMAN bumper stickers tend to be of a practical bent—the sort that say: "If you can read this you are about to enter my exhaust pipe." What, indeed, could be more practical in a country which habitually drives with its foot firmly on the floor boards?

Unusual bumper stickers, therefore, tend to engrave themselves on the mind, such as the Christian Democrats' slick election campaign exploitation of the national car identity sign which placed a small red "C" and "U" before and after the big, bold "D" for Deutschland.

However, one of the latest bumper stickers going the rounds is anything but slick. Roughly translated, it says: "Cut out working 'black' and cut unemployment."

"Black work" or "Schwarzarbeit" is a major bone of contention even in a country where the unemployment rate stands at 4 per cent—its lowest level for four years. Schwarzarbeit is unofficial work which is not reported to the authorities and therefore is subject neither to income tax or VAT.

All of West German officialdom stands ranged against Schwarzarbeit—the Government, the unions, the employers' associations, the chambers of commerce, and the craftsmens' trade associations—but still it flourishes. It is, perhaps, ironical that, although the economic miracle has still not expunged grim stories of the black market cigarette economy that immediately followed the Second World war, in many respects it has provided fertile growth for a new black market in labour.

It is very hard to determine the amount of Schwarzarbeit that is undertaken. And it is virtually impossible to glean statistics on it. However, from Frankfurt, it seems clear that the market is substantial and is one that probably seriously distorts the country's gross national product statistics.

There are few men with a skill to offer who would turn down the chance of working on the black. Indeed, many craftsmen appear to do their best to channel work from the official sector to "Schwarz economy." Anybody, who has attempted to get a simple, household maintenance job done, is rapidly disabused of the traditional image of the orderly, disciplined German worker.

Plumbers, electricians and builders all cheerfully quote long waiting times and high prices for official work. However, it is the rule rather than the exception that the householder will receive a broad hint that the job can be done much faster and far cheaper "schwarz."

Anyone who has attempted to get a simple household maintenance job done is rapidly disabused of the traditional image of the orderly, disciplined German worker.

However, the Schwarzarbeit system is an infernal loss-making nuisance to the householder bent on house improvements that can be charged against taxes. An acquaintance of mine has long tried to find a builder prepared to add an extension to his home officially so that it can be charged against income tax.

So far, half-a-dozen small building concerns have been approached and all of them have quoted long waits and high prices, but pointed out that the job could be done "schwarz" sooner and cheaper.

For the man working "schwarz," the are many more advantages than mere tax saving. Although a tax-free income is obviously very attractive, West Germany's taxation rates are among the lowest in Europe, with the maximum rate at, to British eyes, a utopian 52 per cent.

A local craftsman, noted for his enthusiasm for Schwarzarbeit, told me: "It is not so much the tax saving. I do not pay my tax advisor for sitting on his backside. The real savings comes in paper work. I am no scholar and I find the forms you have to fill in all the time a real trial. I do not like the idea of working hard all day and then spending all evening on paper work to keep a load of bureaucrats in fat jobs."

Another incentive seems to be West Germany's thorough craft education system, which means that a young artisan can spend up to seven years to obtain his coverted "Meisterbrief" or master-craftsman's certificate, which entitles him to supervise a workshop. Crafts are strictly regulated and all workshops must come under the control of a certified master-craftsman.

While this, to a degree, is a guarantee of quality for the customer, it can cause problems. At our local family-owned bakery, for instance, grandfather had to keep working long after retirement age until his grandson had obtained his certificate. His son, who is slightly disabled but none the worse a baker for that, had been unable to obtain his master-craftsman's certificate.

Quite often this works in favour of the customer. For instance, the private motorist, unable to write off the costs of car maintainance, either against his company or the tax man, can save a great deal of money paying a moonlighting mechanic DM15 to DM20 (£3.93 to £5.24) an hour, rather than the DM30 to DM40 (£7.86 to £10.45) that a garage is likely to charge for the job.

Moonlighting is by no means confined to the working classes. University professors, school teachers who give private lessons, dentists who trade off treatment for financial advice, and the financial men who offer it, all work "schwarz" in that the tax man does not hear of their endeavours.

While Schwarzarbeit has an attractive Robin Hood ring about it, there is also a dark side, as the authorities are swift to point out. There is some evidence that it could be contributing to a breakdown in the famous German work morality.

Despite the fall in unemployment, there have been regular reports that workers have been by no means eager to return to work, and have tended to pick and choose from the jobs on offer. Herr Eberhard von Kuennheim, chief executive of BMW, the large motor manufacturer, has complained on many occasions that, despite high unemployment, his company has found it hard to recruit skilled labour.

An illustration of this came from a chap with whom I used to gossip in my old local pub in Frankfurt. He was an amiable rogue, who worked for the large local chemical company. I bumped into him just before Christmas and, naturally, asked him how he was getting on.

"Just got put on to short-time working," he said. "I'll only be doing two weeks in four." It seemed really hard luck at Christmas time and I told him so, offering to buy him a beer. "What do you mean?" he said, "With social security, I won't be losing that much. And, besides, think how much time I'll have for Schwarz."

This indicates that the trade union arguments that Schwarzarbeit costs honest workers their jobs does not enjoy entirely whole-hearted support. However, it does nothing to negate claims that it tends to erode both employers' profits and quality of work.

Certainly, moonlighters work for less than the hourly rates charged by the craftsmen who employ them, but even so they are usually earning rather more than their hourly wages. Besides, many of the local craft employers encourage Schwarzarbeit despite the efforts of their trade associations to stop them.

THE MACHINE TOOL INDUSTRY

Anxieties about survival

BY DAVID CURRY IN PARIS

THE BIANNUAL machine tool exhibition which takes place this week finds French manufacturers in their usual state of gloom seeking hard to find comfort in occasional specks of light.

These, for the moment, are provided by an order book up 40 per cent over the first quarter, and for the first time for years, a small surplus on the trade in machine tools over the first three months of the year.

Almost every other statistic serves only to generate gloom. Last year machine tool production in France fell to 71,000 tonnes from 85,000 tonnes the previous year, a drop of nearly 17 per cent. The value of production was 7.6 per cent down at FFr 2.9bn, factories were working on average at 71 per cent of capacity.

The bulk of the decline was due to fall in domestic consumption: export volume fell only 3 per cent, to 36,311 tonnes, and export value rose 1.7 per cent to FFr 1.32bn. But domestic consumption was almost a third down in weight, at 75,390 tonnes, and some 17.2 per cent down in value at FFr 2.985bn.

Imports were a little higher than exports, at 41,500 tonnes, worth some FFr 1.4bn, representing falls of 36 per cent and 15 per cent respectively on the previous years figures.

Manufacturers are pinning their faith in the fact that the machine tools being used in France are antiques compared with those in other European countries, but even so they do not expect a significant acceleration of orders within two or three years.

Machine tools is one of the sectors of industry which the Government has been itching to reform for years: it is reckoned that there are more than 350 companies, ranging downwards from the country's biggest, which is the group controlled by the motor giant Renault, comprising its own division and a clutch of seven subsidiaries. This group turned in some FFr 365m in sales last year but made substantial losses.

The second largest, Ernault-Somua, which is part of the Empain-Schneider group, lost some FFr 34m last year, while Forest S.A. which is the centre-piece of the Ratier-Forest-GSP group made losses of FFr 21.5m, on a turnover of FFr 290m, and has been struggling for months with redundancies and factory occupations.

With so many companies making losses, there is a notable shortage of fairy-godmothers ready to start an orphanage for companies with no visible means of support. Renault is only the last of a long line of concerns to refuse to let itself be used as a vehicle for restructurings and recuperations.

It points out that the industry has traditionally operated on a relatively small scale and that it does not lend itself to consolidation into large groups.

At the beginning of 1976, the Ministry of Industry unveiled the latest of its grand machine tool recovery plans. It aimed, by 1980, to

- Lift production to 142,000 tonnes a year (against 110,000 tonnes in 1974) with a "fall-back" target of 130,000 tonnes;
- Aim for an export-import ratio of 130 per cent (fall-back 110 per cent);
- Reduce imports from 50 to 35 per cent of the domestic market.

This was to be achieved by concentrating research and development on the high technology end of the market, promoting the use of numerically-controlled and advanced machines among French industrial users, "consolidation" of the industrial structure of the industry, expansion of production facilities, and the inevitable drive for export markets.

Some progress has been made. Some FFr 18m was made available as development aid last year for companies to launch new products, while three concerns have agreed "growth contracts" with the State whereby they bind themselves to achieve certain financial and sales targets in return for subsidies.

Renault and the machine-tools division of the aero-engine group Snecma (a subsidiary of the State-owned Aerospatiale) were "invited" to present plans for their own development in the machine tools area.

The Institut pour le Developpement Industriel, which holds more than a third in Ratier-Forest, has also acted as catalyst in bringing together 10 smaller companies in a joint venture to finance, with Government help, the establishment of overseas sales facilities. Government loans have also been available to explore sales opportunities in developing countries.

For most companies the priority is simple survival. "The Government is doing all it can to get the economy back on a firm base but in the meanwhile we are suffering," remarked M. Pierre Rouchaud, President of the trade association of French machine-tool manufacturers. M. Georges Imbert, director of the mechanical and metal transformation industry body, was not much more confident: "We'll get under way again, but we don't know when," he commented.

The fact that the two-thirds of the machines in service in France are more than 10 years old does not necessarily comfort M. Rouchaud. "The Government must take clear and efficient steps otherwise the machine tool industry will not catch-up and France will no longer be a great industrial country."

The Government might well agree. But the problem is not deciding to do something, but precisely, deciding what to do.

Israel sets conditions for Lebanon withdrawal

By Ihsan Hijazi

BEIRUT, June 6.

ISRAEL HAS set conditions for its withdrawal from the rest of southern Lebanon next Tuesday. According to reliable sources, the Israelis insist on maintaining four permanent military outposts inside Lebanese territory to ensure there will be no infiltration into Israel by Palestinian guerrillas.

The sources said the Israeli terms were conveyed yesterday to Lebanese officials by Lieut.-Gen. Ensio Siilasvuo of Finland who is chief co-ordinator of the UN peace mission in the Middle East. He met Prime Minister Dr. Selim Al Hoss, Mr. Fuad Butros the Foreign and Defence Minister and Major General Victor Khoury, the army commander.

Lebanse officials were reported to have declared that all territory in southern Lebanon must come under Lebanese sovereignty and control and that Israel should not obstruct this mission. The Lebanese reaction was carried back to Jerusalem by General Siilasvuo who is expected to return here on Saturday.

The Government has been busy making plans for despatching regrouped units of the Lebanese army to southern Lebanon to assist UN troops there when the Israelis pull out.

President Sarkis decided to go ahead with the plans despite objections from right- and left-wing factions alike.

The Israelis, in another condition, reportedly said that only UN troops must be posted in the "security belt" which Israel occupies inside Lebanon and which it is supposed to give up next week.

It is an eight-mile-wide strip extending from the Mediterranean coast to the foothills of Mount Hermon in the east.

Observers said Israel's purpose is two-fold: first, to retain a close relationship with the Lebanese Christians in the enclave next to the Israeli border; and second, to maintain the so-called "good fence" with Lebanese border villages.

David Lennon writes from Tel Aviv: Israel is strongly opposed to any move southward by the 30,000 Syrian troops stationed in Lebanon after the Israeli army's final withdrawal next Tuesday.

Officials here say Israel has not received any communication from Damascus about the possible future deployment of Syrian troops. However, there are reports that Syria has spoken to the Lebanese Government and the UN commanders about the possibility of moving its troops down to the Litani River.

Saudi budget foreshadows higher level of spending

BY ANTHONY McDERMOTT IN LONDON AND JAMIE BUCHAN IN JEDDAH

THE newly-announced Saudi budget, just approved by the Council of Ministers, envisages expenditure of Saudi riyals 145bn (£22.4bn) for 1978-79, the first time the figure has exceeded the level of SR 111bn budgeted over the past four years. Revenues are estimated at SR 130bn, of which SR 115.1bn or 88.5 per cent is to come from oil.

Even so the expenditure figure had been cut by SR 15bn from the original estimates submitted by the Ministry of Finance and National Economy. An Assistant Deputy Minister said yesterday that the lower figure had been approved both because of doubts over the absorptive capacity of the economy and the ability of ministries to spend their allocations. This indicates clearly that Saudi Arabia has no wish to see budget surpluses and hence a further growth in their foreign currency reserves.

At the same time some doubt remains whether Saudi Arabia will meet its expenditure allocations and thereby sustain a deficit. As bottlenecks in the economy have been eliminated—notably in port clearances—inflation has fallen to between 10 and 12 per cent a year (compared with over 30 per cent in 1975-76) and the Saudi government has found it easier to estimate more accurately its expenditure. Thus the surplus this year may well be less than in previous years.

In addition, the oil revenue is based on an estimated production level of 8m barrels a day and unchanged oil revenues. While the latter at present seems likely for this year—as Sheikh Ahmed Zaki Yamani, the Petroleum Minister, has claimed recently—oil production has so far been below the 8m b/d level, and a rise in this rate may well be governed by Saudi Arabia's desire to keep some control over the size of the global oil glut.

Appropriations indicate that 66 per cent of expenditures are allocated for development projects, but concealed defence spending last year totalled considerably more than the SR 33bn recorded for defence and security. This trend undoubtedly will continue this year too. Salaries, wages, allowances, general expenses and subsidies account for the remaining 34 per cent of the total. Appropriations by sector show clear emphasis on the expansion of education, training, social services and health care.

Iranian security head dismissed

BY ANDREW WHITLEY

TEHRAN, June 6.

THE HEAD of Iran's State security police, Savak, General Nematollah Nassiri, has been dismissed by the Shah in a move seen here as connected with the continuing political unrest.

Today's Foreign Ministry announcement said the 70-year-old general has been appointed as Iranian Ambassador to Pakistan. There he takes over an important diplomatic post at a sensitive juncture for Iran-Pakistan relations.

No reason was given for the dismissal of one of the Shah's closest aides. As head of Savak, General Nassiri was one of four top military men around the Shah. He had been head of an organisation which permeates into nearly all corners of Iranian society for the past 14 years.

Diplomatic sources put forward a number of plausible explanations for the move apart from age and health reasons. The Shah is known to have been resisting pressure from a hard-line group among his advisers to take tougher action against the opposition, and General Nassiri may have been one of the hardliners. His departure could equally be seen as a move to conciliate moderate dissidents, especially religious leaders.

The move also comes against the background of widely-rumoured changes within the security forces, administration and ruling party. In the past week, the Rustakhiz Party has lost both its "wing" leaders.

There seems no question of General Nassiri having fallen out with the Shah, however. As one Western diplomat put it: "His connections with the Shah are the ones that matter." The two men were contemporaries at military college in the 1930s. In 1953, General Nassiri played a key role in the Shah's struggle with the then Prime Minister Mossadegh. Later he was appointed Iran's Chief of Police, and then head of the Imperial Guard, before taking up the Savak post.

Savak was relieved of its responsibility for handling internal dissent where it did not involve direct threats to the state towards the end of last year. But informed sources say it may have re-acquired this role in past weeks. Its alleged inefficiency during recent unrest has prompted criticism from the Shah. After the bloody Tabriz riots in February, the provincial head of Savak was publicly dismissed.

General Nassiri's departure comes less than 24 hours after yesterday's nationwide "stay-at-home" strike called by opposition groups turned out to be a comparative failure—confirming the belief that the Government has regained the initiative.

The strike had been called by the Union of National Front Forces—the revived grouping of Mossadegh-era politicians — by religious leaders and by the bazaar community to mark the fifteenth anniversary of the 1963 *riots, when 86 people died according to official figures.*

For days the Government had urged Iranians to ignore the strike call.

Only the bazaar areas actually paid heed to the calls. Tehran's huge bazaar, which covers a 4-square-mile area and is an important element in national trade, was almost completely silent. The bazaars of Mashad, Qom and Tabriz were also partly closed. Life in the capital however was virtually normal.

Janata divisions widen

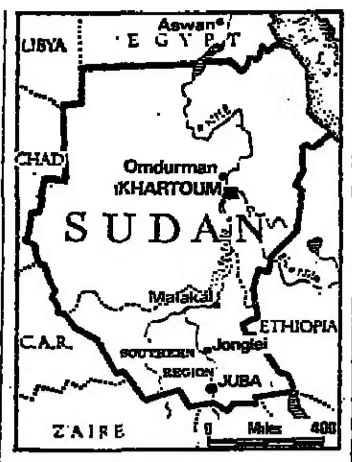
BY K. K. SHARMA

NEW DELHI, June 6.

FACTIONAL wrangling in the ruling Janata Party has suddenly intensified. When Prime Minister Morarji Desai returns from his foreign tour on June 17, he may face a crisis that threatens to rock his shaky

The latest move was made the day Mr. Desai left when a call was given by ailing Home Minister Mr. Charan Singh for election of a new Parliamentary Board and working committee of the Janata Party on the grounds that the present bodies—the supreme decision-making groups of the party—have never been elected.

This is a thinly disguised move to oust the Janata Party president, Mr. Chandra Shekhar, who was nominated to the post. Mr. Singh feels Mr. Shekhar is trying to create trouble for his nominees in such key states as Uttar Pradesh and Bihar.



Sudan aims to reduce payments deficit

By James Buxton recently in Khartoum

SUDAN IS discreetly taking a set of potentially unpopular economic measures aimed at reducing its serious balance-of-payments deficit and cutting the inflation rate. Senior officials believe that the programme (officially called the stabilisation programme but referred to in some government quarters as an austerity plan) will enable Sudan to reach agreement with the International Monetary Fund on a stand-by credit and to make a drawing on the IMF Witteveen facility which together could total some $200m. This would be followed by a formal rescheduling of some of Sudan's debts.

While officially maintaining its commitment to development, the government began the stabilisation programme early this year with cuts in spending which have led to a reduction in the rate of increase in the money supply. It has also imposed greater control by the Ministry of Finance in authorising Government payments. The stabilisation programme has now been firmly spelt out to the People's Assembly in the budget as a drive to eliminate waste, raise production, and concentrate on breaking economic bottlenecks.

A key element in the programme is pegging the next financial year's development allocation at Sudanese £202.8m ($582m) — rather less than the actual spending during the current year which ends on June 30 and which may have reached Sudanese £250m ($718m). Privately, senior officials say that no major new development projects will be embarked upon for up to two years.

Largely because of a drive to break a vicious circle of low or zero growth and become a major agricultural exporter, Sudan has in the past four years had a growing balance-of-payments deficit and accumulated a large backlog of unpaid debts. Sudan's deficit on combined current and capital accounts was about $55m at the end of the nine months to March 31 this year. But because many imports are not paid for and because of delays in servicing loans, this figure conceals the true position. Sudan is believed to have payments now due of between $600m and $700m. It is becoming hard for Sudan to pay for essential imports: recently the oil refinery at Port Sudan was closed for "maintenance." At the same time there were no crude-oil supplies because of payments difficulties.

Though Sudanese officials point out that balance of payments problems are an inevitable short-term consequence of the development drive, it is acknowledged in some Government quarters that the high spending programme may have been allowed to continue too long. Sudan is now anxious to demonstrate that it is not irresponsible and is prepared to take tough measures in an effort to reach balance of payments equilibrium. The measures fall short of those proposed by the IMF in recent negotiations, which ended without full agreement. But officials believe that the IMF will be sufficiently impressed by the stabilisation programme to make credit available and that other countries can be persuaded to help. Senior Government sources say that, once Sudan has proved it is taking matters in hand, it will seek a formal rescheduling of some of its debts on loans.

Observers acknowledge that financial control in Sudan has recently been strengthened but point to two major threats to the stabilisation programme. The first is the Government's commitment to reclassifying public-sector salaries on July 1, which will amount to an average pay-rise of 15 per cent, and is expected to cost the Government about Sudanese £40m ($115m) (out of a total recurrent budget for the coming year of Sudanese £597.5m—$1.72bn. This is viewed as a political necessity to compensate for inflation. Officials acknowledge that it could itself be inflationary and lead to wage claims in the private sector, but they hope its effect can be offset by spending cuts.

A second threat is that many imports are effectively beyond the control of the Government, since they come in under a system designed to utilise the foreign-exchange earnings of Sudanese working abroad. Though these imports do not directly affect the balance of payments, they can have an inflationary effect. They also put pressure on Government resources and on the transport system, and lead to demand for more imports of fuel and spare parts.

Vietnam lets Chinese leave

BY RICHARD NATIONS

BANGKOK, June 6.

VIETNAM WILL permit China to send ships to evacuate ethnic Chinese resident in Vietnam from June 20, a Foreign Ministry statement released over the Vietnam news agency reported today.

But in a stern tone reflecting the increasingly strained relations between the two countries, the statement said that the exit of the Chinese and the entry of Chinese ships will only be permitted at points designated by the Vietnamese Government, and in keeping with "Vietnamese laws and regulations concerning the entry of foreign ships."

This is the first official response from Hanoi since Peking announced its decision early last week to send ships to Vietnam to evacuate ethnic Chinese, known as Hoa. China alleges they are the victims of an official campaign of "persecution, maltreatment and harassment" designed to drive them out of Vietnam. China also claims that already over 100,000 Hoa refugees have fled across Vietnam's northern border into China's southern provinces over the past few weeks.

The Vietnamese Foreign Ministry statement, however, upgraded Peking's "unconstructive attitude" in rejecting its calls for negotiations over the Hoa, and called China's "unilateral decision to send ships to Vietnam" a violation of "international law and practice, and Vietnamese sovereignty."

In spite of the Chinese attitude, Hanoi said it was willing to allow the Hoa to leave Vietnam "if they so desire." But an article in the Communist Party daily Nhan Dan sharpened the accusation that the Hoa were victims of a "ill-intentioned rumour campaign" supported by Peking and designed to stir internal unrest in Vietnam: "The tragi-comedy about the victimised Chinese (in Vietnam) is put on to serve China's political objectives which have nothing to do with the genuine aspirations and interests of hundreds of thousands of Hao and Chinese-born Vietnamese."

CHINA'S FOREIGN POLICY

A fast-rising profile

BY COLINA MacDOUGALL

THE SIGHT on Western television screens of Huang Hua, the Chinese Foreign Minister, arriving in Zaire on Sunday to greet President Mobutu, emphasised most vividly the rapidly rising profile of Chinese foreign policy. It came only a few days after Huang's blast at the UN Disarmament Conference against the Russians, and coincided with important European tours of several senior economic delegations from Peking.

These events pinpointed the main strands in Peking's world view, not in themselves new but newly relevant to the West. These are that the Russians are a growing threat to world peace, in Africa and elsewhere, that Europe and the U.S. are insufficiently aware of the danger, and that China itself needs friends in the West to provide the technology that will make it a force to reckon with.

More important, though, they show that the Chinese have left behind the days when they seemed to believe that foreign policy could be conducted through the propaganda columns of the People's Daily. Peking has taken the first real step towards strengthening itself and backing its friends, even if its friends are only seen as that because they oppose the spread of Soviet power.

The Chinese are most unlikely to send troops to Zaire, but Huang Hua's trip must mean that some form of aid is on the cards. Peking has come out strongly against the Cuban presence in Africa, and the evidence of Soviet trouble-making there only confirms their worst suspicions.

The Chinese have been saying bluntly that Cuba is simply a tool that does the Russians' dirty work for them. Peking burned its fingers backing the losing side in Angola and while the Chinese may not be anxious to repeat that experience, their sense of urgency in the present situation could lead to some sort of involvement.

After Angola, the Soviet intervention in Ethiopia alarmed the Chinese further, and the apparent spread of Moscow's influence to the rebels in Zaire has heightened their anxiety. The view of Communist officials reported from Hong Kong—that Moscow is trying to disrupt the Western world by cutting off its sources of raw material supply in Africa—may be exaggerated but it probably expresses the worst nightmares of the leaders in Peking.

Suspicion of Moscow's motives, always profound in Peking, has had plenty of fuel recently. The mid-May incident, when Russian troops crossed the border in Heilungkiang province and harassed local Chinese, has not been forgotten. Peking flatly

Mr. Huang Hua, China's Foreign Minister.

rejected the Russian explanation that the soldiers were chasing a criminal and landed on Chinese territory by mistake.

Worse than that isolated incident, though, is the rapidly escalating friction between China and Vietnam, which for years has leaned more to Moscow than to Peking. There are plenty of historical reasons why the two should squabble, and relations are exacerbated by the Chinese fear that the Russians are fishing in troubled waters there as well. The Chinese, again according to reports from Hong Kong, say the Russians encouraged the Vietnamese to start trouble on China's southern border to distract attention from the northern frontier, where Peking is already heavily outgunned by Soviet forces.

Not much is known about the Sino-Vietnamese border fighting that is supposed to have taken place, though there is a view that the Chinese began it in the early spring to distract the Vietnamese from finishing off the Cambodians in their border war.

Since January Chinese relations with Vietnam have gone from bad to worse. Chinese anxiety about developments there has been obvious ever since the end of the Vietnam war. In the past couple of months the Vietnamese have allegedly been making life miserable for their overseas Chinese population, which numbers well over 1m in South Vietnam alone. About 100,000 have already fled to China. This has brought relations between the two countries to the point where Peking has already cut its aid.

For years the Chinese have ben warning the West, particularly western Europe, which it sees as the cockpit of the coming struggle of the imperialist ambitions of the Soviet Union. As the growth in Soviet military strength in Europe has become more obvious to both doves and hawks, European leaders have been more inclined to listen to the Chinese patiently, if not always with total smypathy. This shift has come at a time when the Chinese are in any case on the hunt for technology and both European and Japanese industries are eager for new outlets.

It is only coincidence that senior Chinese officials arrived in Europe when there was already some anxiety about Soviet intentions as it has been obvious since Chairman Hua's accession in October 1976 that when its economic plans were finalised Peking was going to seek industrial equipment from the West.

However, the coincidence has given much more strategic importance to European and Japanese sales to China, and it has probably also meant that Peking sees a welcome side-effect in propping up ailing European industries (like British Steel) with substantial orders to stabilise doubtful economies. Peking's economic missions are likely to be followed up by more openly political ones, of which the most significant will be Chairman Hua's projected visit to France.

The whole question of arms sales by Europe to China has yet to be resolved, and while panic selling by NATO countries to give Moscow something to think about on its eastern front would be most unwise, the fact remains that China's military weakness is itself a source of instability since it makes Peking extremely nervous in situations like the present one.

While the U.S. State Department is opposed to the concept of "linkage"—that is, halting the process of detente and discussions on strategic arms limitation because of Soviet activities in other realms—this view is under pressure because Moscow's intentions in Africa look anything but peaceable. At the present moment, Washington is more likely than at any time in the recent past at least to listen to Peking's perennial line that detente is a fraud.

U.S. prepared to airlift African troops to Zaire's Shaba region

PARIS, June 6.

THE United States is ready to start flying Gabonese and Senegalese troops to Zaire's Shaba province, a senior American official said to-day. They will join Moroccan soldiers already flown to the area in U.S. transports to provide a defensive screen for the copper-rich region against rebel forces.

The source said other African countries might also participate in the force, although there were no possible participants from *English-speaking Africa.* The force would total about 2,000 troops and would have enough *supplies for 60 days.*

The troops being rushed to Zaire in giant U.S. Starlifter transport planes will replace French foreign legionnaires now being withdrawn. U.S. technicians were already in Libreville Gabon and Dakar, Senegal, to prepare the new phase of the airlift, the U.S. official said.

France flew 600 legion paratroops to Shaba province last month to rescue Europeans trapped by rebels in the copper mining centre of Kolwezi. But before the French arrived, hundreds of people, both black and European, were massacred by the rebels, who entered the country from neighbouring Angola.

President Mobutu and President Kenneth Kaunda of Zambia had two meetings in Lubumbashi yesterday in a surprise visit by the Zambian presumably aimed at patching up their quarrel prompted by the invasion last month of Angola-based insurgents. President Mobutu has accused the Zambian leader of letting the rebels pass through his territory. After the second meeting in the Shaba capital—held just as French foreign legion forces began their airbourne withdrawal back to Europe—officials said the two presidents were expected to hold a Press conference.

Chinese Foreign Minister Huang Hua said China and Zaire had a common task: knowing how to deal with Soviet imperialism. Speaking to reporters after meeting Zaire Foreign Minister Umba di Lutete, he also said yesterday that technical and economic co-operation between the two countries was developing favourably.

"In this regard," he said, "the two sides recognised notably that they had the same common task: to know how to oppose the threat from outside caused by Soviet social imperialism."

Mr. Huang, who arrived here on Saturday on a four-day official visit, has been outspoken in his criticism of the Soviet Union and Cuba for the support they gave to Angola-based rebels who last month invaded Zaire's mineral-rich Shaba province.

He flew to Lubumbashi, capital of Shaba, on Sunday for talks with President Mobutu, who took him on a special trip to Kolwezi, the principal copper mining town which bore the brunt of the insurrection and was occupied for eight days.

After his talks yesterday with Foreign Minister Umba, the Chinese visitor was guest of honour at a dinner given by the Zaire Government. In remarks afterwards, he told his hosts that despite the distance, China would not hesitate to give its support to Africa. He also said his visit would stimulate the strengthening and development of relations between China and Zaire.

Reuter

Washington doubts, Page 6

S. Africa permits mixed audiences at 26 theatres

BY QUENTIN PEEL

JOHANNESBURG, June 6.

PERMITS to present shows to mixed audiences of all races have been granted to 26 South African theatres.

The move, announced by Mr. Marais Steyn, Minister of Community Development, has been welcomed by theatrical promoters as a breakthrough in improving race relations. They hope it will mean that more foreign playwrights and musicians will allow their works to be performed in South Africa.

Many of South Africa's leading theatres, including 12 in Johannesburg, four in Durban and three in Cape Town, will now have authority to admit multiracial audiences. There are significant omissions, such as the new Opera House in Pretoria, and four major cities and towns, Pretoria, Bloemfontein, Kimberley and East London, still have no theatres with permits.

Previously only the Nico Malan Opera in Cape Town was allowed to admit all races. Other theatres had to apply for individual permits.

The new permits will be reviewed every year, when theatres must submit reports on the previous year's performances. They have been granted subject to such requirements as a minimum of 100 performances a year, as well as seating capacity conditions and approval by the local authority. Mr. Steyn said four applications had been rejected.

Opposition politicians have welcomed the move, while criticising the need to apply for permits.

Seychelles warning

Seychelles President Albert Rene has threatened to take stern measures against anyone trying to sabotage his Left-wing Government, the Tanzania news agency Shihata reported yesterday, Reuter writes from Dar es Salaam.

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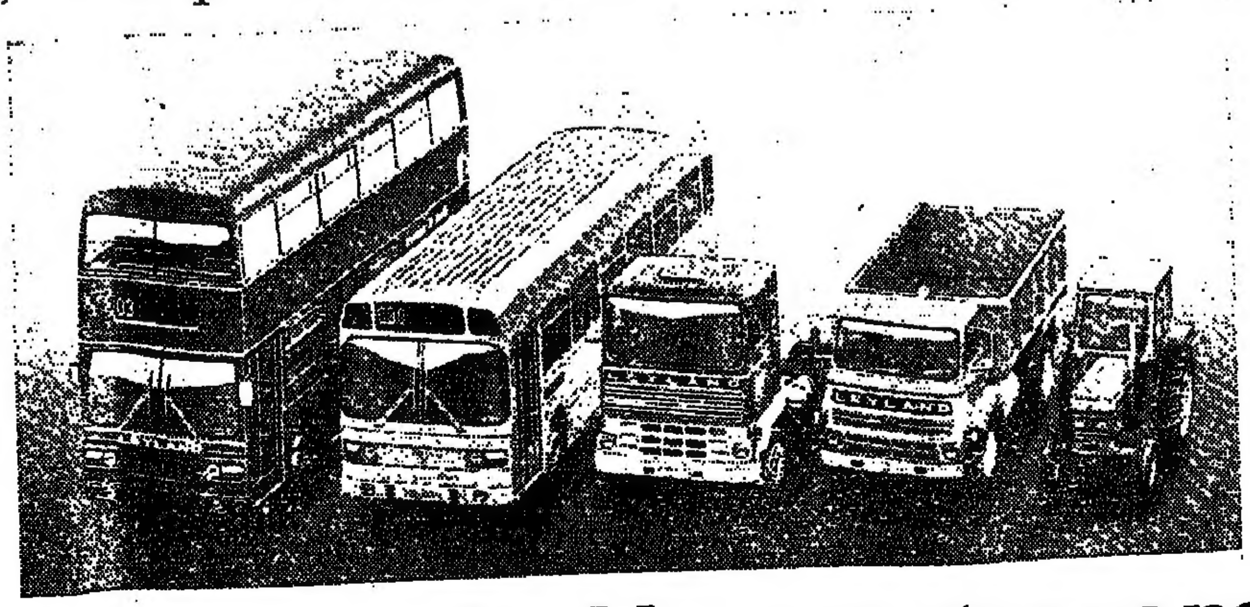

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AMERICAN NEWS

Five-year test ban treaty urged

BY REGINALD DALE

WASHINGTON, June 6.

BRITAIN and the U.S. are expected to propose a five-year ban on all nuclear testing in negotiations with the Soviet Union in Geneva this week. They hope to accelerate the pace of the long-running Geneva talks, at which the three Governments are seeking to conclude a comprehensive test ban treaty.

Hitherto, the two Western participants have held that the treaty should be of unlimited duration. The Soviet Union has offered a three-year moratorium on testing.

Under the U.S.-British proposal, as it now stands, the treaty would run for five years, in which all testing would be banned. Opinion is still divided in Washington, however, as to whether or not limited exceptions should be permitted to allow the participants to check that their nuclear deterrents are still in working order.

Some defence experts take the view, for instance, that the last three months of each five years should be set aside for this purpose. They point out that the more sophisticated U.S. weapons need to be tested more frequently than those of the Soviet Union.

A further argument is that the West may be unable to monitor small-scale Soviet tests designed either to check reliability of existing systems or to design new ones. Any such activity by the U.S., on the other hand, would soon become public knowledge.

President Carter still seems to want to ban even such limited tests on the grounds that the treaty will have more political impact if it is genuinely comprehensive. It is stressed here that this makes the treaty's monitoring provisions even more important, particularly as there are the inevitable suspicions among Washington hard-liners that the Soviet Unio nwill try to cheat.

The Russians have now accepted a degree of on-site monitoring to control the treaty's implementation. But in the last analysis, inspectors would still only be allowed on Soviet territory with Moscow's permission.

The negotiations also still have to complete plans for installation of a network of seismic monitoring stations. Moscow has agree dto the principle of such a system, but there are differences over the number of such stations required.

Later in the week, Mr. Paul Warnke, President Carter's chief arms control negotiator, will be in Helsinki for the opening of negotiations with the Soviet Union intended to restict the development and deployment of killer satellites.

Moscow is thought to have tested about five of these weapons, the role of which would be to shoot down enemy surveillance and communications satellites.

The U.S. has not conducted such tests and the assumption here is that the ussians have agred to attend the talks in the hope of retarding the development of American killer satellite technology. The U.S. could swiftly overtake the Soviet Union if it puts its mind to it.

So far the Soviet tests have only been conducted at low orbit, and the view here is that the Russian killers are not yet capable of shooting down a sophisticated U.S. satellite. They might be effective against Chinese satellites, however.

Officials also point out that the strategic arms limitation agreement between Washington and Moscow bans the use of such weapons against each other's surveillance satellites.

Unions and NYC agree wages pact

By John Wyles

NEW YORK, June 6.

AFTER MORE than three months of bargaining, New York City and its municipal unions scrambled to a new pay deal last night just in time to present a united front for today's Senate Banking Committee hearings on more federal aid for the city.

Although there are still 24 days before the existing contracts expire, last night's agreement was vitally needed to convince a sceptical Congress that New York is worthy of yet more Government help to stave off possible bankruptcy.

The Banking Committee hearings, starting this morning and continuing next week, are the major hurdle which the Carter Administration's proposed aid programme has to clear. Senator William Proxmire, the Committee's chairman, left no room for doubt in his opening statement, that he believed the city should be left to go it alone.

The President wants Congress to approve \$2bn of long-term loan guarantees to replace, from the end of this month, a programme of "seasonal" short-term loans which the city has been receiving and successfully repaying for the past three years.

Senator Proxmire feared that long-term loan guarantees would set a "terrible precedent" which would encourage profligate spending by other cities. He doubted that such guarantees would be in the country's long-term interests and argued they would "remove the pressure on the city and keep it from making the tough decisions needed to get the city back to a balanced budget and back into the credit markets."

Mayor Edward Koch told the Committee that without federal help New York would "stumble from crisis to crisis." He would not testify with certainty that the city will go bankrupt without the aid package but argued the cost of not helping New York would be greater than what was being proposed.

The Mayor's four-year fiscal plan provides for balancing the budget by 1982 and capital expenditures of \$4.5bn. The federal loan guarantees would be used to obtain up to \$2bn of funding from city and state pension funds which would be augmented by a further \$1bn of debt which city clearing banks and savings institutions have agreed to purchase.

The city hopes most of the balance can be obtained from the public debt market which has been closed to New York for the past three years.

Mayor Koch claims that last night's pay deal is within the city's means although he has conceded more than he wanted. The deal covers more than 200,000 workers who will receive 8 per cent. pay rises during the term of the contract. Total cost of the agreement will be \$1bn of which \$757m will be met from city revenues and the balance by aid from New York state and other sources.

The pay rises are far lower than the general trend of U.S. pay deals this year which are allowing up to 20 per cent and more in improved wages and conditions. Over a two-year contract, the New York agreement applies to some 97 bargaining units ranging from teachers to dustmen, who will receive total increases averaging \$1,700.

World shortage of oil unlikely before late 1980s, says report

BY DAVID LASCELLES

NEW YORK, June 6.

ADDING TO the recent series of conflicting reports about the world's energy prospects, the New York-based Petroleum Industry Research Foundation predicts today that an extended oil shortage of crisis proportions is unlikely before the late 1980s and can be avoided for the rest of the century.

The Foundation, an independent body, bases its prediction on likely developments in the non-Communist world up to 2,005, assuming varying rates of growth in oil demand of 3.8 per cent, 3 per cent and 2.2 per cent. Its study concludes that OPEC output would be able to meet demand in all cases in 1985, but only in the two lower cases in 1990.

If demand for oil continues to grow fast, therefore, a world oil shortage becomes a possibility in the late 1980s, when oil prices could reach up to double their 1977 levels.

But the Foundation believes that a crunch of this kind is unlikely for two reasons. World economic growth is not expected to be at a level to sustain such a high growth in oil demand, and anyway, improvements in the structure and utilisation of oil will ease the situation.

The study focuses closely on the U.S. domestic oil situation, and forecasts that demand for oil will grow by 1.5-3 per cent a year up to 1990 compared with 3.7 per cent in 1960-76. This implies that U.S. oil imports will be 9.4m-12m barrels a day by 1985, and 10m-14.5m by 1990.

In the longer term, the study foresees a slowdown in world oil demand after 1990, and predicts an OPEC production peak of 51m barrels a day, including 19m from Saudi Arabia. The timing would depend on demand and the production policies of the exporting countries, but the peak would not be reached before the mid-1990s.

Domestic car sales rise 11%

BY OUR OWN CORRESPONDENT

NEW YORK, June 6.

WHILE FOREIGN car sales fell for the second consecutive month th eU.S. car industry fully recovered in May from the winter slump. Dealers have now sold more domestically produced cars than they did in the first five months of last year.

But indications that last month's extremely strong selling rate may not be sustained have come from two authoritative surveys which show declining consumer confidence and growing pessimism about the future of the economy. This tends to support the view that the car sales boom stems partly from consumers' desire to beat price increases which are anticipated later this year.

Total sales of U.S. and foreign-built cars were the highest for any May and reached 1.15m compared to 1.052m last May. Domestic cars leaped 11 per cent to 962,985 units while foreign cars sales fell 14 per cent to around 195,500 units.

While still capturing a highly respectable 17 per cent market share, foreign cars are clearly suffering from price disadvantages forced on them by the fall in the value of the dollar this year.

The leading Japanese importers, Toyota and Datsun, suffered a 19.7 per cent and 25.8 per cent decline in sales respectively while VW, the largest non-Japanese importer was down by 23.1 per cent. British Leyland sales were down 24.3 per cent to 5,938 units.

The most conspicioulsy successful importer was Renault whose sales more than doubled to 2,440 units and are expected to go much higher when arrangements are completed for marketing its R5 small car through American Motors Corporation dealers.

At 3.88m, year-to-date sales of domestically produced cars are 1.6 per cent higher than at the same time last year. General Motors, whose sales total was up 9.7 per cent in May, has delivered 1.3 per cent more cars this year and has a market share of domestically-produced cars of around 56 per cent. Ford's sales, up 19.3 per cent in May, are 4.9 per cent up on last year and the company's market share is around 29 per cent.

Chrysler's sales were only 3.6 per cent higher in May, and the company's year-to-date sales have fallen 1.9 per cent on last year. American Motors sales fell 0.6 per cent last month and for the year are 8.3 per cent lower.

At the same time as they were maintaining this buoyant new car market, American consumers were trimming back future buying plans, according to the latest report on consumer confidence from the Conference Board, the U.S. leading business research organisation.

The Board says its consumer confidence index was 8.5 points lower in May than April while its buying plans index fell back 15 points to 95.3. Some 6.5 per cent of the 5,000 households surveyed plan to buy a new or used car during the next six months, compared to 7.8 per cent in April.

In its latest survey, Citibank finds that 60 per cent of its respondents feel the economy will worsen over the next six months and more than half laid the blame on inflation.

Labour Bill supporters try to end filibuster

BY DAVID BELL

WASHINGTON, June 6.

SUPPORTERS OF the Labour Reform Bill which is now enmeshed in a filibuster on the floor of the U.S. Senate are expected to begin in earnest tomorrow to end the hold-up to get the Bill passed.

For the past 11 days, senators who oppose the Bill, which enhances the standing of unions in their battle to win the right to negotiate at non-union plants and gives the labour movement other advantages, are still holding up the measure by keeping up non-stop opposition.

As yet, the Administration does not believe that it has enough votes to end the filibuster. But it plans to take a series of votes to test its strength in the hope that it will gradually add extra support to the point where it can end the delay. To do this, however, it may well be necessary to add amendments that satisfy moderate opponents of the Bill.

The first of these is likely to restrict the power of the National Labour Relations Board, which oversees union elections and much else, and prevent it extending its jurisdiction over small businesses. Much of the opposition to the labour reform measure which is the cornerstone of organised labour's Congressional efforts this year, has come from small businessmen who want to keep unions out of their companies.

Later, if the Bill is still short of supporters, concessions may be forthcoming on another provision which lays down that unions organisers should have time, during working hours, to lobby for members in a company which has actively been campaigning against union membership.

One factor in favour of the Bill was the unexpected death last week of Sen. James Allen of Alabama. Mr. Allen was a master of the kind of parliamentary manoeuvering which is necessary to tie up a Bill in endless procedural wrangling. Without him the opponents may have much more difficulty in beating back the challenge from the Administration.

Argentina lifts restrictions on news agencies

By Robert Lindley

BUENOS AIRES June 6.

THE ARGENTINE regime has repealed two measures which curtailed Press freedom and which had been implanted by the previous military dictatorship of General Alejandro Lanusse in 1975. Now the only requirement for news agencies is that they register to operate here.

One of the repealed regulations prohibited foreign-owned news agencies from supplying information on events in Argentina to local subscribers. The other, which has not been generally observed by the media since the 1976 coup, banned local media from reproducing commentaries on Argentina which had been published abroad.

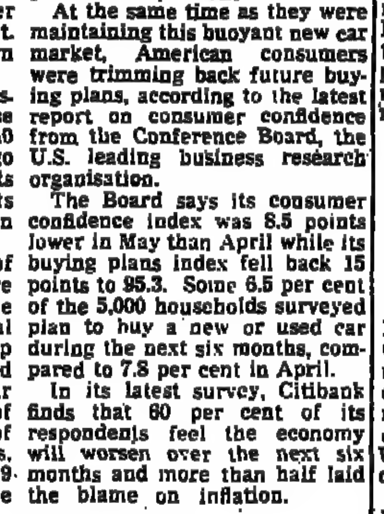
In announcing the repeal of the measures, the public information secretary, Rear Admiral Oscar Franco, said: "No extremism, no totalitarianism accepts or tolerates freedom of the Press. It is this which is showing us what road to take."

Doubts over Cubans and Zaire

BY DAVID BELL

WASHINGTON, June 6.

WASHINGTON is much preoccupied this week with the attempts by the Carter Administration to "prove" that Cuban troops were involved in training the Katangan rebels that invaded the Shaba province of Zaire last month. But so far the Administration has not quite produced the conclusive proof that Senators like George McGovern have been asking for, and there is a lingering feeling in some quarters that there is less "hard" evidence of Cuban involvement than the Central Intelligence Agency (CIA) and others have been claiming in recent days.



Admiral Stansfield Turner (right), the head of the CIA, has done nothing to reduce this suspicion. In a statement to reporters yesterday after a secret briefing of members of Congress, the Admiral said that it was his "considered opinion that we have sufficient evidence to draw the conclusion that there must have been Cuban involvement in the training and equipping of these insurgent forces."

But he immediately qualified this statement by adding that "no intelligence conclusion is ever absolutely black or white." However, he went on, the "preponderance of evidence" could only lead "to the kind of conclusion" that the Administration has come to.

The evidence has not been made public but it is understood that it is made up of reports from Katangan prisoners, reports from countries bordering Angola, satellite pictures and other undisclosed intelligence. The pictures assumed extra importance after Congressman Tip O'Neill, the Speaker of the House, said that they showed that Cuban officers were involved in training the Katangan forces. But, under questioning, Mr. O'Neill conceded that he had not seen the pictures.

Senator McGovern, however, said yesterday that the Cubans, who have vehemently denied involvement with the Katangans, had told him that they ended their contacts with the "rebels" two years ago. Some Administration officials also say that the quality of some of the CIA information is not altogether reliable and that much of the actual data is more "circumstantial" than the Administration is willing to admit.

The Administration has, of course, never claimed that Cuban forces actually crossed the border into Shaba province. But it has cited Cuban involvement with the Katangans as another example of Cuban and, therefore, Soviet adventurism in Africa.

Senator McGovern and others are arguing that it is nothing like as clear cut as this and thta the U.S. may be in danger of altering the whole thrust of its African policy for insufficiently good reasons and on the basis of evidence that is at best a little "cloudy."

President Carter has already said that he has no doubt that the information establishes Cuban participation in the invasion at least in the training of the rebels. However, according to one source, the only photograph that the CIA produced at one briefing showed a Cuban ship unloading in Angola. Given the enormous Cuban presence in that country, that may not be enough to establish a link with the Katangan rebels.

WORLD TRADE NEWS

Iran buys five Boeing jumbo jets

By Andrew Whitley

TEHRAN, June 6.

IRAN AIR has placed firm orders for five more Boeing 747 Jumbo jets. The agreement doubles the number of 747 aircraft the Iranian airline will have in service, and brings to 22 the total sold to Iran, taking into account a dozen sold to the air force.

No details of the financing agreements have been released, but Iran Air is likely to be seeking a combination of supplier credits and Euromarket loans.

The agreement is for four 747-186B aircraft, capable of carrying up to 483 passengers, and one 747SP. The 747-186B will be powered by Pratt and Whitney JT9D-7F engines.

Delivery should start next June, and be completed by March 1981. Iran Air plans to use the new aircraft on its established routes to the U.S. and on a new route to Singapore and South-East Asia.

Although final purchase agreements have been signed, Iran Air retains an option to cancel the fifth aircraft.

In March, Iran Air signed firm contracts for six European Airbuses, and took out options on another three, in a move seen at the time as breaking the long-standing Boeing monopoly of the fast growing Iranian market. The decision to go back to Boeing for long-range aircraft indicates that this purchase was an exception.

Japanese car imports in May up 30% on 1977

BY YOKO SHIBATA

TOKYO, June 6.

JAPANESE SALES of imported cars last month totalled 4,367 vehicles, an increase of 30.4 per cent over May 1977, the Japan Automobile Importers Association announced to-day.

With the removal of a 6.4 per cent import tariff on cars in March and the sharp appreciation of the yen, Japanese sales of imported cars have picked up in recent months with 4,946 sales in March, up 6.4 per cent over March 1977, and a 25 per cent increase in April to 4,257 vehicles.

Compact cars accounted for 2,323 sales, an increase of 48.5 per cent over a year earlier, and standard cars accounted for 2,044, up by 14.4 per cent. Compacts were chiefly European cars, of which sales for the first five months of this year grew by 25.8 per cent over the corresponding period of 1977. Standard cars, mainly U.S.-made, sold only 2.1 per cent more than in January to May last year.

According to the Japan Automobile Importers' Association, European cars are popular because their size suits Japanese roads. Reduced prices helped to increase demand from private buyers, particularly younger people.

At the same time, imported-car distributors have begun to shift from the traditional sales practice of large margins with a limited supply to that of narrow margins with quick returns.

Triumph sold 38 vehicles in May, up from the previous May's two, taking sales for the first five months of this year to 203 vehicles from eight last year. Ford UK sold 321 vehicles up from two last May. German Ford increased sales (mostly Fiestas) to 198 vehicles, up from 12 last May, and its five-month sales rose to 347 from 82. Volkswagen sold 1,227 vehicles in May, up from 1,005, and in the first five months this year sold 6,363 vehicles, up from 5,525. Citroen in May sold 107 vehicles, up from 29; over the five months it sold 361 vehicles, up from 127. Fiat's May sales totalled 91, up from 27; its five-month sales were 371 vehicles, up from 197.

Most European car importers expect sales for the whole of this year will reach an all-time high.

Stuart Alexander adds: Leyland expects to increase sales of cars to Japan from 600 last year to nearly 1,500 this year, including 400 TR7s. Yesterday the company confirmed that Leyland Japan, which is 65 per cent owned by Mitsui and 35 per cent by Leyland, had bought the main distributor Shintoyo.

No price was disclosed. The acquisition brings the number of Leyland distributors in Japan to 10 and the number of branches to 20. Shintoyo will be called Nippon Leyland Sales Company. It has held a Leyland franchise for about 20 years.

Earlier this year Leyland Japan opened a new pre-delivery inspection centre at Yokohama. As well as inspection and modification the 6,500-square-metre facility serves as a parts distribution centre.

No decision on Romanian deal

By Michael Donne

CONTRACT NEGOTIATIONS between British Aerospace, the nationalised aircraft manufacturer, and Romania, for the purchase and ultimate manufacture in Romania of up to 80 One-Eleven jet airliners, worth in all more than £300m, are still in progress, and a decision is not expected for some weeks.

Suggestions yesterday that the deal might be concluded during the forthcoming State visit to the UK of President Ceausescu of Romania in mid-June were not confirmed by British Aerospace, which stressed that the final decision rested with the Romanian Government.

Discussions on the deal have been in progress since May, last year, when the Romanian Government signed a protocol with British Aerospace providing for the manufacture in whole or in part of the One-Eleven in Romania, subject to contractual agreement.

Thais agree U.S. textile pact

BY RICHARD NATIONS

BANGKOK, June 6.

THE U.S. and Thailand have announced agreement on a new textile accord which is reasonably satisfactory to Thai exporters, given the prevailing protectionist conditions in developing economies.

While clamping tighter restrictions on such items of apparel as jeans, shirts and trousers, where Thai exports have proven competitive in the U.S. market, the new agreement allows greater flexibility on exports of fabrics.

Negotiations of the new textile agreement—due at the end of this year anyway, when the old 1976 accord ran out—were brought forward to coincide with the rationalisation of America's system of textile categories which reduces the classification of items from 137 to 106.

The new five-year textile agreement has been made retroactive to the beginning of 1978 to tie in with both the alteration of the U.S. classification system and the beginning of the new multi-fibre (MFA), negotiated internationally last year. Under the old 1976 agreement Thailand was given an overall level of 216m square yards of textile exports to the U.S. to be distributed in phases over a three-year period. The new agreement has abolished overall ceilings and items of apparel and fabrics are dealt with separately.

On items of apparel the overall ceiling of 53m square yards equivalent previously agreed upon for 1978 will be retained this year as the base for a 7 per cent growth rate per annum for the remaining four years of the agreement.

However, the number of categories of apparel upon which specific import limits have been disposed has been increased from six under the old agreement to 12 under the new one. Neither the levels of these limits nor their growth rates has been disclosed. But observers comment that they will increase restrictions on those garments where the Thais have already established a relatively strong presence in the American market —mostly in casual wear.

All other apparel items are subject to "consultation" once imports exceed a level of 700,000 square yard equivalents per category. While this may appear a move towards greater liberalisation of Thai import quotas observers point out that most of these categories cover lines of production irrelevant to Thai export manufacturers.

However the Thais appear to have gained something on the fabric side of the agreement. This years' ceiling of 21m sq yds, negotiated under the previous agreement, has been lifted entirely. In its place each specific category of fabric is subject to "consultations" when imports exceed a level of 1m sq yds with the exception of seven specific categories where the consultation level will be higher.

Garland criticises 'big three'

FINANCIAL TIMES REPORTER

THE EEC, Japan and U.S. were heavily criticised by Mr. Victor Garland, the Australian Minister for Special Trade negotiations, last night, when he told the Trade Policy Research Centre in London that these countries—"resorted to devices which in one way or another circumvent the accepted set of international trading rules."

Mr. Garland said that as a result of intense competitive pressure from the emerging industrial nations, economic power was being used increasingly to solve problems outside the procedures of the General Agreement on Tariffs and Trade (GATT).

Mr. Garland will be in Brussels to-day, where he is looking for a response from the EEC on the 25 proposals which Australia left with the Commission in October last year.

British, Greek talks on needs

By Ian Hargreaves

ATHENS, June 6.

BRITAIN has been sounding out Olympic Airways, the Greek national airline, on its future aircraft requirements as part of its research on whether to collaborate with Europe or the U.S. on the next generation of civil aircraft.

Mr. Gerald Kaufman, Industry Minister, yesterday completed a series of talks here with Mr. Miltiades Evert, the Greek Industry and Energy Minister, and Mr. Alexandros Papadongonas, the Minister of Communications. He also met Mr. Nicholas Farmakidis, President of Olympic Airways.

Olympic is, like British Airways, in the process of deciding whether to go with Europe or the U.S. in the next stage of its aircraft ordering programme.

SHIPPING

Slow progress on U.S. policy

BY DAVID BELL

WASHINGTON, June 6

LAST WEEK'S meeting between 13 Western nations and the United States, held here in an effort to head off a serious confrontation over American shipping policy, made some progress but also emphasised the deep differences between the two sides.

The meeting was held at the request of the Consultative Shipping Group (CSG), which comprises 12 European nations and Japan. The CSG has become steadily more frustrated by U.S. maritime policy and by the actions of the Federal Maritime Commission, which regulates American shipping lines.

The dispute has been simmering for a long time and has its origins in the Shipping Act II of 1916, which set up the body that later became the Federal Maritime Commission. The Act also granted American shipping companies immunity from Federal anti-trust action, provided that the "conferences" into which they entered to fix shipping rates were approved by the Commission.

The conferences typically fix cargo and other rates on routes between countries and would, under normal U.S. law, be considered to be a violation of anti-trust laws. By contrast the European and Japanese shipping industries are very much less regulated and the conferences are not considered normally to be a restraint on trade.

Non-U.S. shippers have become steadily more irritated by the delay that the Maritime Commission has taken in ratifying conference agreements. In some cases it has been as long as 18 months. In the absence of such ratification, foreign and U.S. shipping companies can face prosecution by the Department of Justice.

Fresh attempts have been made in Congress to extend the influence of the Commission—in this case, in a complex area concerned with freight rate rebating —to non-U.S. companies. Under a Bill proposed by Senator Daniel Inouye of Hawaii and Congressman John Murphy of New York, non-U.S. vessels might be banned from U.S. ports if their owners refuse to produce certain documents that deal with rebating.

That, however, is only one area where there has been friction. Others include such matters as pooling, space charter agreements and a whole range of issues that have emerged since the switch to containerisation began in earnest in the early 1960s.

The argument about the applicability of U.S. law overseas and about the amount of "reach" that U.S. government agencies ought to have is one that is causing increasing tension in relations between advanced countries and not just over shipping. The recent case involving uranium, which went to the High Court, is another case in point.

Not surprisingly, the U.S. continues to argue that it must uphold its law and that to do so it needs access to information held in foreign countries. But the U.S. position is somewhat clouded by the Carter Administration's newly opened big review of shipping policy. The Government is loth to make commitments until the review is completed.

Thus, some of the participants at last week's meeting came away somewhat disappointed at the lack of formal progress made at the meeting. However, the participants did agree to meet again this year and meanwhile to set up a working group to look into some of the areas that have been discussed.

Rates are not the only area of disagreement between U.S. and European and Japanese officials. There is also a dispute, not discussed at the recent meeting, about American pollution control requirements.

Swedes bid for Algerian gas

By William Dullforce

STOCKHOLM, June 6.

SWEDEGAS, THE Swedish gas company, is in the final stages of negotiating a Kr 20bn contract to buy liquefied natural gas from Algeria. Swedegas's managing director Claes Lindgren hopes to have the contract signed before the summer holiday.

It would cover delivery of 2bn cubic metres of gas a year for 20 years, starting from the end of 1984 or the beginning of 1985. Swedegas is studying whether to ship the gas directly to Sweden or land it in West Germany for transport by pipeline through Denmark.

Sweden has yet to build a gas distribution network. Swedegas has also been negotiating for supplies of Soviet gas to be pumped through West Germany.

Austrians seek EEC deficit cut

By Paul Lendvai

VIENNA, June 6.

IN AN attempt to facilitate access for Austrian exports to the EEC, Foreign Minister Dr. Willibald Pahr and Minister of Agriculture Guenter Haiden will tomorrow start a three-day visit to Brussels.

The Austrian delegation will seek easier access for exports of cattle for breeding and of wine to the Community. They will also urge the EEC Commission to help to reduce the imbalance in trade with Austria, which last year reached Sch 73bn (£2.7bn), more than Austria's aggregate trade deficit in 1977.

Meanwhile, figures published today for the Jauary-April period show that the visible trade deficit compared with the same period last year fell by Sch 3.4bn to Sch 18.7bn. The performance was better than expected and was due to a 6.3 per cent rise in exports with a 0.2 per cent fall in imports.

Dutch pessimistic about likely EEC strategy

BY CHARLES BATCHELOR

THE HAGUE, June 6

EEC MEMBERS are unlikely to reach agreement on a Community shipping policy when transport ministers meet in Luxembourg on June 12, the Dutch Shipowners Association (KNRV) said today. However, it expects progress to be made towards a register of the trading activities of Comecon country shipping lines, the association's chairman, Mr. J. Groenendijk, told a Press conference.

Not all EEC member countries are in agreement with proposals to allocate tonnage on the basis of past performance, the amount of cargo generated by different countries and the geographic situation of each country. The last category is particularly important for Holland, most of whose ports are transit ports for countries further up the Rhine.

France and the UK are expected to make new proposals for the distribution of cargoes and the subject is likely to come up again at the next Transport Ministers' meeting in six months' time.

The Dutch shipowners "hope and expect" an EEC Commission report on the problem of Eastern bloc shipping lines will be accepted by the Ministers. The proposal is for EEC members to monitor the activities of Comecon fleets and to take restrictive measures if Comecon activity is too high, Mr. Groenendijk said.

Possible restrictions include quotas or extra levies on Comecon vessels.

All EEC members with the exception of Belgium have legislation which empowers them to take countervailing measures and even the Belgians have a draft bill which could soon be applied.

The shipowners were highly critical of U.S. attempts to "undermine" shipping conferences. The conflict with the U.S. is caused by "one-sided and out-dated American shipping legislation," the Association said in its annual report.

Dutch shipowners are "not dissatisfied" with their government's plan to extend special aid for two years. The aid consists of an investment subsidy of 15 per cent on new vessels, and a special premium of 5.5 per cent spread over five years. They are continuing to press for the Dutch Government purchasing agency to transport more cargoes on Dutch vessels.

One in ten vessels idle

By Lynton McLain

NEARLY ONE in ten of the world's ships is now idle through lack of work—the worst figures for two years—the General Council of British Shipping said yesterday.

Sweden is the worst hit nation with over fouro ut of ten ships now idle. In Norway and Denmark a third of all tonnage was idle at the end of April, when a world total of 55.4m deadweight tons of shipping lay idle.

In Britain the dry cargo fleet suffered a severe increase in idle tonnage to a total at the end of April of 1.9m dwt, over 400,000 tons more than in March. The worst figure for more than a year was recorded for UK tankers laid-up. Out of a total of 4.4m dwt of the British merchant fleet laid-up, tankers accounted for over half 2.5m dwt.

Out of all the ships idle twenty oil tankers and combination carriers were used as floating oil storage up to June 1, shipbrokers Howard Holder said yesterday. The total used as storage was 3.2m dwt, a slight increase on the previous month. Oil company owned tonnage remained static at 753,000 dwt or five vessels. Tonnage owned by independent companies increased to 2.5m dwt, or 15 vessels.

HOME NEWS

Champagne victory goes to French producers

By Kenneth Gooding

FRENCH PRODUCERS yesterday emerged victorious from the eight-year court battle over the use of the word "champagne."

Showerings, the Allied Breweries subsidiary which for many years described its Babycham brand as "a champagne perry," agreed that it will not use the description in future except for wine made in the Champagne district of France or champagne Cognac produced in accordance with French law.

This was the main point to emerge from an agreed settlement reached in the High Court yesterday. Showerings and the champagne producers will pay their own costs, unofficially estimated at more than £100,000 each.

Common sense

M. Joseph Dargent, head of the champagne industry's governing organisation, the Comité Interprofessionnel du Vin de Champagne, said in London after the brief hearing: "This is a triumph for common sense.

"The champagne trade is extremely glad to have resolved this dispute in this way and welcomes the spirit of co-operation which has led to this mutually agreeable conclusion."

In future, Babycham will be described as "a sparkling perry," an arrangement which will apply anywhere in the world where the brand is or will be sold.

Cigarette jobs lost

By Lynton McLain

THE four-year-old Cigarette Components factory at Burnley is to close in August, with the loss of 80 jobs, and the company has called for 300 voluntary redundancies at its Jarrow works on Tyneside.

The company, part of the Bunzl group, blamed a fall in cigarette sales and changes in British tobacco tax to harmonise with the tax in EEC countries.

Taxing the finished price of a product had led to a change in purchasing habits, said the company. Sales of king-size cigarettes had risen and hit the smaller brands.

Benn rejects special tax on natural gas

BY RAY DAFTER, ENERGY CORRESPONDENT

MR. ANTHONY WEDGWOOD BENN, Energy Secretary, has rejected the idea of imposing a special tax to bring the price of natural gas more in line with other fuels.

A gas tax, as proposed by the coal and electricity industries, would be "inimical" to both gas consumers and the gradual long-term rationalisation of fuel prices he said yesterday, after the issue had again been discussed by the Energy Commission.

The Commission — a body set up to advise the Government on energy policies — has found the fuel-pricing question one of its most difficult problems.

In a paper discussed yesterday, Sir Francis Tombs, chairman of the Electricity Council, claimed that Government policies favoured the gas industry, for instance.

British Gas Corporation had been given exclusive access to North Sea gas and this had enabled the undertaking to purchase supplies at an annual cost of some £1bn less than if it had paid prices related to the cost of coal and oil, he said.

After the meeting, Mr. Benn said that he could now see a way through the problem. In many ways normal market forces were bringing the prices of fuels more in line with each other.

"I am trying to look for an agreement over a period of time. The problem doesn't lend itself to diktat." It was not in the interest of anyone in the energy industry to prejudice one fuel because of short-term fluctuations.

Natural gas, while cheaper than other fuels at present, would become more expensive in the long term. In contrast, coal would become relatively cheaper over the years.

UK coal was the cheapest in the Common Market. British coal was subsidised 50p a tonne while Belgian coal received £15 a tonne subsidy. The subsidies on German and French coal were five and 25 times higher than in the UK respectively.

Sir Denis Rooke, chairman of the British Gas Corporation, had informed the Energy Commission about the undertaking's plans for smoothing the transition to higher-priced gas, Mr. Benn added.

The Gas Corporation was renegotiating contracts with oil companies to hold back the exploitation of cheap gas from southern North Sea fields.

The idea was that British Gas would take a higher proportion of its supplies from the more northerly — and costly — fields over the next few years, then increase its offtake of southern North Sea gas in the 1980s or 1990s to help cushion further price increases.

But the fuel pricing issue is far from dead, Mr. Benn said that the subject would be discussed again by the Commission at its next meeting in the autumn.

Government confirms £2m. plan to build test windmill

BY DAVID FISHLOCK, SCIENCE EDITOR

GOVERNMENT PLANS to construct a giant windmill with an electricity output of 3.7 megawatts, at an estimated cost of about £2m, as a full-scale demonstration of the latest technology of aero-generators, were confirmed yesterday by the Department of Energy.

As an initial step the Energy Department is to spend £341,000 in detailed design and component testing. If the results are encouraging, the aerogenerator will be erected on a windy hilltop, possibly in Scotland.

The fundamental questions such a project might resolve are at what cost past design weaknesses in big windmills—which have tended to collapse—might now be overcome, and to what extent they will intrude upon the environment.

A modern areogenerator, taller than the biggest UK electricity pylons, could be as noisy as a helicopter, and could interfere seriously with TV and micro-wave transmissions.

The electricity supply industry, which is co-operating in the project, will want to explore the possibilities of feeding its power into the grid, and the stability of output and load factor that can be expected from such a source.

The demonstration would probably be computer-controlled, both to steer into the wind, and to cut it out automatically at a certain minimum wind-speed and when the windspeed became dangerously high.

The Department of Energy is taking a more optimistic view about windmills than the Parliamentary Select Committee on Science and Technology, to which the Government responded with yesterday's statement.

In a reply to two reports last year from the Select Committee —on alternative energy sources generally and on tidal power from the Severn Estuary—the Government has announced additional spending of just over £6m.

The main items of expenditure will be an extra £2.9m for wave-power, seen, in the words of Sir Hermann Bondi, chief scientist at the Energy Department, as the energy source with the greatest potential for the U.K. but the most difficult to tap.

The Government is allocating another £1.5m to further studies connected with a Severn tidal barrage, chiefly for the manufacture and testing of prototype components

Another £465 000 will be spent on studies of smaller aero-generators of about 100 kW output. And £865,000 is to be spent on investigating the potential of geothermal energy.

The Government stresses that the obstacle to quicker progress in developing these new technologies is not cash—as the Select Committee suggested—but the state of the technology itself.

The Development of Alternative Sources of Energy: The Government's reply to the Third and Fourth Reports from the Select Committee on Science and Technology. Cmnd. 7236. SO. 40p.

HP cash up 12.5% during April

BY DAVID FREUD

HIRE PURSCHASE sales rose sharply in April, a clear indication of increasing consumer confidence.

The signs were reinforced by an equivalent rise in sales of durable goods.

New credit extended by finance houses and retailers in April was 12.5 per cent higher, seasonally adjusted, than in March, the Department of Trade said yesterday.

On a longer-term scale, total advances in the latest three months were four per cent. higher than in November-January.

There was a small upwards revision in the final total for April retail sales. The volume index was 106.7 (100=1971, seasonally adjusted), compared with the provisional estimate of 106.5

This was only a slight drop on the index figure of 107 recorded in March, itself the highest since August 1976.

Taking the last three months together the volume of sales was 1.6 per cent higher than in November-January, reflecting the additional spending power placed in the hands of consumers since the beginning of the year.

The steady increase in the volume of sales and hire purchase agreements since December tends to confirm expectations that a strong consumer boom will develop from about next month.

Retailers believe that their forecasts of a 5 per cent volume gain in sales from 1977 to 1978 are looking increasingly likely.

The underlying factor in the buoyant sales is the increase in personal disposable income. Figures released with the Budget showed that this will have risen by about 7 per cent in the year to mid-1978

Accountants renew attack on local authority audits

BY DAVID CHURCHILL

THE ROW between two major accountancy bodies over local authorities' standards of accounting was revived yesterday.

The annual meeting of the Institute of Chartered Accountants in England and Wales passed a resolution making veiled criticisms of local authority auditors, who are mainly members of the Chartered Institute of Public Finance and Accountancy (CIPFA).

The resolution, passed overwhelmingly, called on the ICA council to "take all practical steps to raise the minimum standards of accounting and accountability required of local authorities, at least equal to those required of companies quoted on the Stock Exchange."

CIPFA, however, has criticised the motion for revealing "a lack of detailed knowledge of the law and practices affecting accounting and accountability in local government."

Mr. Brian Maynard, ICA president, yesterday tried to lower the heat of the row when be told the annual meeting that the resolution did not imply criticism of CIPFA, but Mr. Jeremy Cripps, the motion's proposer, stressed that he was attacking the Chartered Institute.

He said that public credibility in the accountancy profession was based on three unwritten laws: self-regulation, objectivity and improvements in accounting and management controls.

"Each of these laws are being broken by members of CIPFA," he said. "Each breach invites public contempt for our profession.

"Each district audit report made by a member of CIPFA undermines the reputation of the audit report when members of the public are not aware of the distinction between the audit report on local authority accounts and the audit report on company accounts."

He described CIPFA criticism of his motion as "hysterical" and an "unprecedented attack" on the Institute.

CIPFA, however, maintains that "there is a degree of openness attaching to local authority accounting and accountability which is unparalled in the private sector."

The dispute is likely to be raised again at next week's CIPFA conference in Edinburgh.

Callaghan not to stop home loans increase

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PRIME MINISTER said yesterday that he would regret any increase in the mortgage rate but he would not wish to stop the building societies if they decided such a move was necessary.

The societies are due to meet on Friday and it is expected that investors' and borrowers' rates will rise by about 1 per cent. The mortgage rate now stands at 8½ per cent and the net investors' rate on ordinary shares is 5½ per cent.

Mr. Callaghan was replying in the Commons to a call from Mr. John Ovenden (Lab., Gravesend) for the Government to act to prevent any rise in the cost of home loans.

He asked the Prime Minister to tell the societies that higher rates would be "quite unjustified and unacceptable" in view of the societies' large reserves and recent bonuses on the taxation front.

Mr. Callaghan replied: "If they reach this conclusion, I would not wish to stop them doing it although I would not like it. It is important that they maintain their own balances properly."

Ministers accept that if higher rates are likely, they should be introduced without delay in order to avoid the chances of them coinciding with an election campaign later in the year.

The societies' receipts have been sliding as general interest rates have risen and their own have become less competitive. Net receipts this month could be as low as £150m against £335m in April and nearly £600m last October.

Societies believe that higher investors' rates—also necessitating higher mortgage rates—are now needed to help boost the inflow of funds.

Extra jobs in prospect at Michell

By Our Own Correspondent

A NEW £4.5m factory for Michell Bearings, the Vickers Engineering subsidiary, was formally opened by Industry Secretary Mr. Eric Varley yesterday.

It represents one of the largest industrial rebuilding schemes in the North East, was completed six months ahead of time and attracted £1.24m in Government grants.

Mr. Varley said that Department's contribution would create 200 new jobs at Michell by 1980. At present the factory, which makes Michell whitemetal bearings for marine and industrial applications, employs 500.

About one-third of the output is exported and yesterday the company announced a further order for bearings for a nuclear power station in France.

NEWS ANALYSIS—CIGARETTE PRICES

BAT moves to smoke out British rivals

BY STUART ALEXANDER

MARKET SHARES

	April	May
Wills	30.2	29.5
Player	28.5	25.0
Gallaher	28.1	26.5
Rothmans	12.0	14.5
P. Morris	1.0	1.0
BAT	0.2	3.5

THE call by Mr. Kirkland Blair, managing director of Carreras Rothmans UK, for a responsible attitude to pricing of cigarettes and less "wheeling and dealing," coupled with the announcement of price increases, must have sounded ironic to some in the tobacco trade.

Rothmans has been playing the numbers game in th etwo years in which the UK market has been coping with a price war and a major change in the taxation system.

It has carefully timed its entries with selective price cuts, while goading its bigger competitors by dropping gift coupons and pulling out of sports sponsorship "to pass on the savings to the consumer."

Rothmans has been regarded by many as something of a cowboy on the cigarette marketing scene and has gradually built up its share of the UK market from 6 per cent to 12-15 per cent.

Its price cutting policy on all sizes of cigarettes has not damaged the status of Rothmans King-Size. It has worked hard on exports and last year opened new plant in Darlington.

This spring saw British-American Tobacco stride onto the scene, with guns smoking and spurs clinking, leaving existing protagonists watching the newcomer's energetic efforts to win admirers.

BAT was well aware of the problems of the UK market but had seen old brand loyalties abandoned as consumers were exhorted to become price-conscious.

So the decision was taken that the initial principal marketing weapon would be a major price cut—so big that it is possible to buy State Express 555 for less than some mini-cigarettes.

The company announced that it was prepared to spend £5m on its U.K. launch, but even that figure is starting to look like a sizeable underestimate if volume sales are achieved at these very low prices for any length of time.

The Rothmans move is a deliberate attempt to isolate BAT's State Express as a cheap brand and to ensure that any attempt by BAT to lift the price to more normal levels will be made very difficult if State Express is to hang on to its expensively-won consumers.

Rothmans' second ploy was to turn to retailers for support, with a rallying cry of a return to sensible profit levels.

In addition to a myriad of offers to the smoker, the introduction of new brands—including tobacco substitutes—and a major change in market profile as king size brands began to dominate, tobacconists and newsagents have had to cope with the loss of nearly 8m copies of national newspapers.

CTNs—confectioners, tobacconists and newsagents—are still the backbone of the cigarette retail trade, though they have been looking increasingly anxiously over their shoulders at the supermarkets.

As well as the retailers needing to make more money, all the tobacco manufacturers have said they would like to see improved profits.

Imperial, which owns W. D. and H. O. Wills and John Player, said yesterday that it would be happy to see a more settled industry and a general reduction in wheeling and dealing.

Gallaher said it, too, was eamining the case for a price increase.

But no-one knows how long BAT is prepared to maintain its present policy. Its Liverpool and Southampton factories have the capacity to meet large demand and its planning is sufficiently fleible to switch some other production to its Hamburg and Brussels factories.

But it is thought that BAT will have to raise State Epress in the autumn towards the recommended retail price of 55p.

Some shops still sell the at 43p per pack, and inside there are vouchers giving 2p off the next purchase. They are easy to buy at 46p and the average gap of 13p below recommended price is a very large one to make up.

Meantime, they are selling well.

Preliminary estimates show they may have taken over 3.5 per cent of trade deliveries in May.—estimates which put Imperial's share down to 54.5 per cent—but the eperience of the John Player King Size launch in 1976, when 100 cigarettes were offered for every 200 bought, has persuaded the industry to play a waiting game.

Players' early success was difficult to retain and it will be no easier for BAT.

Engineers' training 'blocked by unions and employers'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ENGINEERING UNIONS and employers were accused yesterday of blocking the advance of manufacturing industry by preventing young engineers from being trained effectively.

The charge was made by the Engineering Professors' Conference, the major representative body for the 400-plus senior academics in university faculties of technology, at a London meeting to introduce its evidence to the Finniston Inquiry into the engineering profession.

"If things are to continue as they are at present," said Prof. Arthur Shercliff, of Warwick University, "we really should be teaching our students German and French and pointing them in the direction of the Passport Office."

The professors claimed that the unions, abetted to a greater or lesser extent by the Engineering Employers' Federation, were blocking the production of first-class manpower in three main ways:

- Preventing students from gaining the real shop-floor working experience which is an essential element of effective education.
- Blackening the "career image" of manufacturing to the country's most able youngsters by practices and attitudes which restricted pay prospects of professional staff and entangled them for much of their time in activities such as inter-union disputes having nothing to do with engineering.
- Discriminating against the small unions, such as the United Kingdom Association of Professional Engineers, designated by the Council of Engineering Institutions as the unions most appropriate for professional members.

"It's as daft to want to merge professional engineers into the big unions as it would be to say that since the Transport and General Workers' Union is the biggest in the hospitals it ought to take over the British Medical Association," Prof. Shercliff added.

The professors' evidence to the Finniston Inquiry accused the Government of helping to mar the image of engineering as a suitable career for enterprising youngsters.

"Much of the recent social, industrial and tax legislation, and successive pay policies, well-intentioned as they are, seem often to have been enacted without sufficient regard being paid to their effects on industrial performance and competitiveness."

As well as "positive steps" by unions, employers and Government to overcome such obstacles to recruitment and training, the professors called for radical changes in degree-level engineering education.

Present selection of steudents for degree courses, based on the GCE Advanced-level results, was unlikely to be a reliable devicefor finding youngsters with the right abilities for "high quality" engineering work as defined by industry.

The production of appropriately skilled engineers through the education system was therefore far from guaranteed unless the country first developed more effective measures for identifying students with the qualities necessary for practical engineering work.

Students accepted for engineering degree studies in future should be divided, preferably at least a year after starting their course, into A and B professional streams.

The most academically able students would then pursue an extended course of four years' study of engineering, plus about a year of work in industry either before entering university or during a break after the first or second year of their course.

Students whose main abilities were less academic, possibly between two-thirds and three-quarters of the total intake, would take a three-year course mainly emphasising practical aspects.

"We regard both the A and B groups as professional engineers, and think that the three-year people would be at least as able and educationally challenged as members of other professions such as accountancy and the law," said Professor Alex Chisholm of Salford University, chairman of the Engineering Professors' Conference.

"We see the Category A courses developing mainly in the universities. And although some Category B courses would be developed there also, we believe the three-year studies would be largely the province of the polytechnics."

Companies face sanctions charges

FINANCIAL TIMES REPORTER

TWO COMPANIES in the Lucas Industries motor components group yesterday faced a series of Rhodesian sanction-busting charges in Aylesbury magistrates' court.

Thirteen charges against Lucas Service Overseas, the export division of the group, and CAV, a Lucas subsidiary manufatcuring diesel and fuel injection systems, involving goods worth £154,403, have been brought under section 56(2) of the Customs and Excise Act 1952, and allege breach of the Rhodesia United Nations Sanctions Order (No. 2), 1968.

The Customs and Excise Department applied to commit the companies and two company officials, for trial at Aylesbury Crown Court.

All the charges relate to events alleged to have taken place between February 1975 and June 1976. Lucas Service Overseas faces six charges of agreeing to supply goods destined for Rhodesia without an export licence, and seven charges of evading the sanctions.

There are two charges against CAV, with Lucas Service Overseas of agreeing to supply good worth a total of £18,426 to Lucas Service (Pty) of Johannesburg without an export licence. CAV commercial manager Mr. John Edmund Maund also faces these two charges.

Mr. Thomas Graham Lock, director and general manager of Lucas Service Overseas, is charged with one offence under the Customs and Excise Act.

At a previous hearing Mr. David James West, a Lucas Service Overseas area manager, was committed for trial on four similar charges.

Reporting restrictions at yesterday's hearing were not lifted. Committal proceedings are expected to go on today and tomorrow.

House building shows rising trend in April

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

WORK STARTED on more new houses in April than in any month since September, according to provisional figures from the Department of the Environment.

Both the public and private housing sectors continued to show the improvement in work levels which started earlier in the year. Builders started work on 10,700 public sector homes during April against 8,500 in the previous month, making it the best month for this type of housebuilding since October.

At the same time, contractors started work on 14,700 homes for the private sector against 12,200 in March. The April total was the highest monthly figure since September. The combined total of 25,300 was the best since last September's figure of 28,200 starts.

Taking the February-April three months total housing starts were, according to the Department, still down 6 per cent on the previous three months, but 2 per cent higher than in the same period a year earlier.

On the completions side, builders managed to finish a combined total of 22,400 homes during April against 23,800 in the month before. Public sector completions fell from 12,100 in March to 10,300 while the number of private homes finished rose from 11,700 to 12,100. The Department calculates that, in the February-April quarter, total completions were down 9 per cent on the previous three months and 5 per cent lower than a year earlier.

Conversions

The Department also said yesterday that an estimated 25,000 homes in England were converted or improved during the first quarter of this year with the aid of grant or subsidy.

Comparisons with earlier periods are not available as the Department has introduced changes in reporting practices. The 12,000 grants to private owners in the first quarter were, however, 24 per cent down on the high figure for the last quarter of 1977.

Pension scheme under attack

BY ERIC SHORT

THE NEW STATE pension scheme, which started in April, still does not meet the pension requirements of most employees, claims Standard Life, the Scottish life assurance and pensions company.

The company says that pensions and death-in-service benefits are now an important area in employee relations. It analyses the State scheme and shows that although the scheme is a vast improvement on its predecessor, it still does little more than provide minimum-level benefits.

The areas in which the State structure is particularly weak are highlighted, especially lump sum payments on death-in-service or on retirement.

Employers who have decided to stay in the State scheme, are advised by Standard Life in a booklet published yesterday to consider the various means in which companies can provide benefits additional to those provided by the State scheme.

The booklet explains how employers can do this in the most tax-efficient manner without getting involved in complex administration or investment.

Occupational Schemes for Contracted-in Employees. Available free from Standard Life branches.

Oil tanker 'accident' planned

Financial Times Reporter

THE Government is to simulate a major oil tanker accident at Milford Haven, Dyfed, on Friday.

A very large crude carrier, up to 400,000 tons deadweight, will simulate a collision with a passenger ferry.

Exercise Blackwatch will test contingency plans for coping with a major disaster involving air-sea rescue and severe oil pollution.

RAF helicopters will rescue "survivors" from the ferry after it has "sunk," and Royal Navy units will carry equipment to the disaster area. Local authority oil pollution officers will deal with beach areas assumed to be polluted with oil.

The contingency plan comes a week after navy divers sank the Greek tanker Eleni V, which was a pollution source for 24 days after being split by a French vessel.

The Prime Minister has asked for a report by July 1 of events leading to the sinking.

New export control order

THE DEPARTMENT of Trade has made a new Export of Goods (Control) Order 1978, which will come into operation on July 3.

Hildreth tells Tories to give country greater leadership

BY JAMES McDONALD

THE CONSERVATIVE Party must "wake up" and give the country greater leadership if it was to win the net election, Mr. Jan Hildreth, director-general of the Institute of Directors, said in London yesterday.

Speaking at a conference of Canadian and British businessmen, he asked for clearer thinking and decisive attitudes on crucial issues. "The British public must not be misled by the illusion of economic recovery in the run-up to the next election.

"However much the Prime Minister and the Chancellor of the Exchequer try to disguise the situation, the reality is that the economic future looks very bad," Mr. Hildreth said.

"The evidence available from our members makes clear that the current mini-spending spree, both by the public and by the Government, is obscuring the reality of our economic future.

"That reality suggests that in a few months' time we are in for another sharp burst of inflation, while unemployment persists at levels unprecedented since the war."

Industrial output, Mr. Hildreth added, was running at a deplorably low level, no higher than it was during the three-day working week of January 1974, imposed as a result of the miners' strike.

What the institute wanted from the Conservatives was "clear thinking and decisive attitudes on the crucial issues of the day.

"What worries me most is that the relative moderation this Government appears to be showing is only the result of its precarious Parliamentary position. Were Labour to be returned at a general election with a majority over all parties, then even that semblance of moderation would disappear."

Lord Chancellor greets new Patents Courts

LORD Elwyn-Jones, the Lord Chancellor, yesterday presided at a ceremony to mark the setting up of London's new Patents Courts.

European patent judges, Mr. Sam Silkin, QC, the Attorney-General, Mr. Peter Archer, QC, the Solicitor-General, and members of the Patent Bar and patent agents attended the ceremony.

Lord Elwyn-Jones said that the new court had been set up to bring together the changes of the last ten years, and to help deal with patents on a rational international basis.

The Patent Appeal Tribunal would disappear and appeals from the Comptroller of Patents would now be heard by the Patent Court, which had full High Court status. The right of audience of patent agents and solicitors would be preserved, he said.

The judges of the new court, Mr. Justice Graham and Mr. Justice Whitford, would have to deal with work of great complexity and would have to interpret the European Patent Convention. They will have increased jurisdiction.

Lord Elwyn-Jones said that the system would ensure the encouragement of inventions and would be of service to industry and the country.

'Over elaborate' civil engineers criticised

BY CHRISTOPHER DUNN

AN AWARD has not been made this year in the civil engineering sector of the Concrete Society's design and craftmanship competition because no entry was sufficiently outstanding.

Mr. Alan Muir Wood, leader of the four-man judges' panel, also said the quality of entries in the building sector was generally undistinguished.

The judges criticised entries in the civil engineering sector for over-elaboration of detail and poor scenic impact, rather than for cost-cutting or poor workmanship though they added that design standards had risen steadily recently.

Many entries in the building sector had not shown enough attention to detail affecting the way buildings withstood the weather.

The Concrete Society, a discussion group for architects and engineers, had 40 entries this year, the 11th in which an award has been made.

The building category of the competition was won by an extension to Wadham College, Oxford, designed by architects, Gillespie Kidd and Coia. The consulting engineers were Moore Vaughan Maclean and Partners, and the main contractor was Johnson and Bailey of Cambridge.

Argos opens in Northern Ireland

NORTHERN IRELAND'S first Argos catalogue showroom will open in Belfast on June 24.

The showroom in Great Victoria Street will receive three shipments weekly from the Argos distribution centre at Daventry, and an annual sales target of £1.5m has been set.

HOME CONTRACTS

Oil meter kits for North Sea platforms

KENT INSTRUMENTS (member of the George Kent Group) has two orders for extensions to go on platforms in the Thistle and Ninian oilfields, to enlarge oil production metering stations already supplied by Kent. These are different from their predecessors, as they will be supplied in "construction kit" form. This is because the metering station extensions weigh many tons, one with an area of 30 sq. metres and the other, 44. But at the platforms they will be installed in existing modules and will have to pass through access doors about 2½ metres square. The two orders are worth over £250,000.

★

SIRYCON, Twickenham, has been awarded a contract by Bitmac, Scunthorpe, to design, supply and erect an acid tar decomposition plant at its works at Llanwern, South Wales. The plant is designed for maximum heat recovery and will provide the full works stream requirement. Total project value is about £1m, including civil works being undertaken by others.

★

RACAL (SLOUGH) has a £500,000 contract awarded by the Ministry of Defence Procurement Executive, for sophisticated synthesiser-controlled VHF/UHF receiving systems designed for radio interference and electromagnetic compatibility measurement or analysis. Frequency range is 300 Hz to 1 GHz, although this may be extended to 2 GHz. Capable of local or remote/computer control operation, the system has monitoring facilities which enable features such as panoramic display, X-Y recording and automatic scanning to be used. Antenna probes are available for the measurement of field signals over the complete frequency range, while wide range antennas can be supplied for mobile or fixed surveillance roles.

★

TAYLOR WOODROW CONSTRUCTION (NORTHERN), of Darlington, has been awarded a £1.08m contract by the North West Water Authority for the construction of a pumping station and sewage treatment works at Millom, Cumbria. Work has started and will be completed in 21 months.

★

DORR-OLIVER COMPANY, Croydon, Surrey, has secured its first major order for a new disc pressure filter (UHDE System). The £500,000 order from Van den Berghs and Jurgens is for nine 66 square metres stainless steel filters to be used in a refinery expansion programme at Purfleet.

★

The Glasgow firm, REFRACTORY SERVICES, has won two orders, each worth £1m, from Britain's steel and power industries. The first, placed by Davy Ashmore International and the British Steel Corporation, is to rebuild the hot blast stoves at the Ravenscraig steel plant at Motherwell, and install refractory linings in a furnace as part of BSC's plan to modernise the plant. The other is from the Central Electricity Generating Board with a subsidiary of the Glasgow firm, Plant Demolition, to demolish a power station at Bradford.

★

C. F. TAYLOR (HOLDINGS) at Wokingham and Hurn has received several large orders. These are for aircraft galley equipment for Lufthansa, Malaysian Airlines, Cathay Pacific and Avianca for equipment for Boeing 727, 737 and 747 aircraft. From British Airways a contract to build hundreds of cabin service trolleys for use on the new Lockheed 1011-500 TriStar aircraft. Boeing has also placed an order to build wing flap sections for 707 aeroplanes. The orders total nearly £2m. C. F. Taylor (Holdings) is a subsidiary of EIS.

★

Fourth stage of the development of the Kingswood Squash Club has started. It will include eight squash courts with four glass-backed courts, one with auditorium and spectator seating. In addition there will be fitness, weight training, table tennis and committee rooms, changing and shower accommodation, car parking and landscaping. The work, worth £225,000, on a design and construct basis by G. PERCY TRENTHAM.

★

As a further stage in the £14m development of the British Sugar Corporation's factory at Cantley, near Norwich, a new pulp nut bagging and outloading plant is being constructed by W. W. BROWN AND PARTNERS, Dartford-based materials handling engineers. This is designed to convey nuts—used for animal feed—from pelletising machines to four bagging stations via 600mm wide troughed belt conveyors, and a belt-and-bucket elevator, at a rate of 60 tonnes/hour.

★

APV PARAMOUNT, Crawley, is to supply 152 reformer tube assemblies worth £224,000 to GKN Birwelco for reformers for Syncrude Canada.

★

BRITISH FURNACES has an order from Cam Gears to install a complete continuous heat treatment plant for the case hardening of commercial vehicle steering gear components.

★

STEIN ATKINSON STORDY, Wombourne, has received an order from The Wednesbury Tube Company (member of the Glynwed Group) for a two tonnes-hour continuous gas-fired roller hearth furnace to bright anneal copper tubes.

Two Meissen vases make £4,000 at Sotheby's

SALEROOM

BY ANTONY THORNCROFT

A PAIR of Meissen hexagonal Kakiemon vases, c. 1728, sold for £4,00 0at Sotheby's yesterday in a Continental pottery and porcelain sale which totalled £82,672.

A more surprising price was the £3,400 for a northern Netherlands maiolica dish of the early 17th century which had been estimated at about £500.

A rare Doccia reticulated teapot, c. 1750, made £2,700 and a German saltglazed pewter-mounted pilgrim flask of the early 17th century doubled its estimate at £2,400.

The Sotheby's auction of autograph letters and historic documents totalled £40,299. Maggs paid £1,300 for 51 letters by Walter de la Mare, and Bloch £1,000 for an archive of papers of Sir George Egerton, the Arctic explorer.

Museums and institutions were among the buyers, the National Army Museum acquiring a mid-17th century military manual for £100; the Imperial War Museum 500 First World War letters by Lt.-Col. George Geddes for £250; Shrewsbury School, hte household diaries of the wife of a Victorian headmaster of the school for £220; and Queens College, Oxford, two college leases, for £40.

The opening day of Christie's sale of the contents at Ravenscliff, St. David's, Pennsylvania—the home of the late Charlotte Dorrance Wright, daughter of the founder of Campbell Soups—saw a total of £474,033 ($858,000).

The top price of £36,464 ($66,000) was paid for *Our Mutual Friend, the Horse* by Sir Alfred Hunnings.

A second work by Munnings, of which five were included in the sale, went ot an English dealer at £15,801. It depicted a member of a hunt on a white horse surrounded by a pack of hounds.

A pair of George II giltwood side tables from the mid-18th century went to the Florida dealer, Weber, at £17,016, and a pair of George III giltwood pier mirrors went to Selin, the New York dealer, at £13,370.

A sales of rare wine conducted by Christie's in Amsterdam on Monday realised £31,673.

Christie's sale of Japanese swords, fittings and armour realised £51,591 in London yesterday. Faruta, the Japanese dealer, paid £3,800 for a collection of swords and scabbards of the late 17th century.

In a Phillips' £52,387 furniture sale, an 18th-century elm and yew Windsor elbow chair from a semi-detached house in Southport, Lancs., sold for £500 to a private buyer. The estimate was £300 but the family vendors had thought it would make "about £50."

Troubled mine gets £20m. more

BY PAUL CHEESERIGHT

NEARLY £20m will be injected into their troubled loss-making Cleveland potash mine at Boulby, north Yorkshire, this year, by Imperial Chemical Industries and Charter Consolidated.

So far about £100m has gone into the mine—£40m representing operating losses and the rest in capital costs. The mine is still producing at only 40 per cent. of capacity.

Plans for the injection were disclosed yesterday by Mr. Murray Hofmeyr, chairman of Charter. His group's annual figures show provision of £7.5m. against the investment in Cleveland Potash.

In the year to last March, production was doubled, but the operation remains below the break-even point.

Latterly there has been a deterioration in industrial relations at the mine, checking a build-up in production which took place in March and April. "There is nothing holding back the mine ecept getting everybody to work together," Mr. Hofmeyr said.

This, Britain's only potash mine, represents the largest single investment in the UK mining sector, started production in 1973 but has never lived up to the expectations of the owners.

Solved

Early problems included the undulating nature of the potash seam, which varied in width and richness. The mine remains gaseous—a blow-out last August caused a death—its temperature is high, especially so to mine workers coming from a community with no tradition of underground work.

Many of the technical problems have now been solved. Over the past year wider seams have been mined and the ore grade has been higher. A drilling technique which pushes up to 1,000 metres ahead of the workings has indicated the quality of ore to be found.

More continuous mining machines have been introduced. They gauge into and claw out the rock, reducing the need for explosives.

In March and April output exceeded 60,000 tonnes. More normally the output has been around 20,000 tonnes a month.

Prospects of bringing back production to the March and April level and then improving on it are seen by management as depending on an improvement in industrial relations. Negotiations on pay and an incentive scheme are expected soon.

Meanwhile, labour turnover remains high. Some 40 per cent of the mine's employees—now numbering nearly 1,200, have been on the payroll for less than a year. Absenteeism has increased in recent weeks.

At the same time, potash prices have gone against the operation. At around £41 a tonne they are less than a year ago, while currency fluctuations have cut revenue. Few of the world's potash mines are making money under present conditions.

Mining news, Page 26

Ebbw Vale plan to boost tinplate output

BY ROY HODSON

BRITISH STEEL Corporation plans to invest a further £106m on tinplate production at Ebbw Vale, South Wales, where a £57m tinplate plant was opened yesterday, are believed to be regarded sympathetically by the Cabinet.

Such a development, in an area with a 16 per cent unemployment rate, would not necessarily conflict with EEC restrictions on higher steel output. A tinplate development at Ebbw Vale would be classed as a "downstream" operation to improve the quality of raw steel production by British Steel.

Mr. Michael Foot, Lord President of the Council and MP for Ebbw Vale, said yesterday that he believed that the Government and the corporation could be on the "verge" of a decision about the future expansion of Ebbw Vale tinplate production.

The development, opened yesterday, will provide an extra 100,000 tonnes a year of high-quality tinplate for the canning markets at home and overseas.

British Steel produced 1.1m tonnes of tinplate last year, and will raise sales to 1.3m tonnes this year. Tinplate is proving to be one of the few growth sectors in the iron and steel market.

The £106m future investment now being discussed for Ebbw Vale would provide several hundred new jobs

Scandinavia air pact talks in August

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER TALKS on a new Anglo-Scandinavian air services agreement will be held in August, after the failure of a recent meeting in Oslo to settle outstanding differences on such matters as new air routes and future fares levels.

The Scandinavian countries gave one year's notice of termination of the existing agreement late last year. Unless a new pact can be settled by December 31, air services between the UK and Scandinavia technically must cease from January 1.

Although the present discussions have been slow, the UK hopes that a new agreement can be reached in time. The UK market provides gross revenue of £36m to UK scheduled airlines, primarily British Airways, with another £4m in charter revenues.

It is more valuable to the Scandinavians, however. Their joint airline, Scandinavian Airlines System (SAS), earns £39m a year on scheduled flights in the UK, and another £9m from charter operations.

Total business worth £88m a year is at stake, and this is expanding at about 9 per cent a year.

The UK negotiators at the Oslo meeting made some big concessions to the Scandinavians, but were disappointed that these were not discussed at any length.

The UK, for example, considers that it would be justified in asking for separate discussions with Denmark, Norway, and Sweden, but has agreed to negotiate a new bilateral pact with the three Scandinavian countries together.

Britain offered to open all UK cities with international airports to scheduled flights from all Scandinavian international airports—in effect creating a new "free trade area" in civil aviation between this country and Scandinavia that would eliminate lengthy negotiations over individual air routes.

The Scandinavian negotiators did not accept this proposal, largely, it is believed, because of fears that Scandinavia would be swamped with UK scheduled air services.

The UK then agreed to modify the scheme, and discuss some limits to the capacities available on the new routes that would be created between the two countries. This was also unacceptable.

The Scandinavian team countered with a proposal that certain existing routes between the UK and Scandinavian countries by independent airlines should be eliminated—such as Dan-Air's flights from Newcastle to Bergen, Stavanger and Christiansand, the Air Anglia flights from Edinburgh and Norwich to Stavanger and from Aberdeen to Bergen, and British Caledonian's flights from Edinburgh/Newcastle to Copenhagen.

This suggestion the UK rejected outright.

It is expected that a meeting will be held before August to discuss the question of cheaper air fares between the two areas.

The UK's view is that present rates are too high, and that some reductions should be made with a view to boosting traffic. No date has been fixed for this fares meeting.

Go-ahead for iron pipe plant

Financial Times Reporter

BRITISH STEEL Corporation is to go ahead with an £18m development for the manufacture of large diameter ductile spun iron pipes by Stanton and Stavely, part of the Tubes Division.

The project is due for completion by mid-1980, and the main feature will be a new spun iron pipe plant at Stanton Works, near Nottingham.

This will cost about £16m, and will be backed by a £2m development at Stavely Works, near Chesterfield, to make large diameter pipe fittings. The scheme will create 135 extra jobs.

The new equipment, on a site alongside the central melting plant at the Stanton Works, will be capable of making 55,000 tonnes of spun iron pipes a year, with a maximum diameter of 1600mm (over 5 feet), and up to eight metres long.

The corporation says that this will meet a growing demand in the home and export markets, by more than doubling the existing plant capacity, and widening the product range by producing pipes of larger diameter and longer lengths.

To support the plant, the foundry at the Stavely Works will be modernised and upgraded to produce the larger fittings required.

Finishing and coating plant, computer-controlled, will be included in the new production line. This will line and coat the iron pipes with concrete.

Government refunds road tax to 100,000 motorists

BY DAVID CHURCHILL

THE GOVERNMENT has refunded about £1m to almost 100,000 motorists who claim they were misled into paying too much road fund licence at the time of the March, 1977, Budget.

Nearly 206,000 people applied to the Department of Transport for a form claiming a refund and by the time of the closing date last month 167,000 claims were submitted. The Department has paid 99,436 claims so far and has 38,000 to process.

Of these about 31,000 are believed outside the criteria for repayment set by the Department, and 30,010 claims have already been rejected.

The Department has not released details of the exact level of refunds, which vary according to the type and length of licence bought by the motorist. The figure is believed to be approximately £1m so far

The refunds were offered by the Department after criticism by the Parliamentary Ombudsman of ambiguous wording on licence reminders sent out for cars licensed at the beginning of April, 1977.

The reminders said that if the licence fee was increased in the Budget they would have to pay the new rate of tax. The licence fee was increased from £40 to £50, but this applied only to cars licensed after March 30, 1977.

Three members of the public complained to their MP, who told the Ombudsman that they had delayed buying a new licence because they understood the reminder notice to mean that they would have to pay the higher fee even if they bought a licence before the Budget.

After studying the Ombudsman's report Mr. William Rodgers, the Transport Secretary, decided that a mistake had been made and that it would be only fair to offer refunds to other motorists who claimed they were misled.

Critics of Mr. Rodgers' decision say that the Government has been too generous. It is unlikely, they claim, that some 100,000 people were misled by the wording.

Baby products concern backs charity

JOHNSON AND JOHNSON, the U.S.-owned baby and medical products manufacturer, is to join forces with the Save the Children Fund, Britain's largest international children's charity, in an eight-week U.K. promotion campaign to raise £20,000 for children's vaccinations in the Third World.

The scheme, the high spot in a £650 000 summer selling campaign by Johnson, may net the company an extra £1m in sales.

During the nationwide campaign, starting on June 12, every Johnson baby product will be sold at cut-price and marked with a special "Save the Children £20,000 Appeal" tab.

For every six tokens sent to Johnson, the company will forward £1, up to a £20,000 limit, to the charity.

OBITUARY

Sir Ian Lyle

SIR IAN LYLE, who died suddenly at his home in Somerset was chairman of Tate and Lyle from 1954 to 1964, then president until his retirement this March.

Sir Ian, 71, who was a great-grandson of Abram Lyle, founder of the sugar company which became Tate and Lyle, joined the company in 1931, becoming a director four years later. He played an important role in the company's successful fight against nationalisation between 1949 and 1951.

During his time as chairman, the company bought a controlling interest in the Canada and Dominion Sugar Company and also widened its interests in the UK, Africa and the Caribbean.

From 1948, Sir Ian was active in Aims of Industry (now Aims for Freedom and Enterprise) and was president from 1957 until this year.

PARLIAMENT AND POLITICS

Callaghan warns on arms race

BY IVOR OWEN,

IF THE United States and the Soviet Union become embroiled in a new arms race, it could be "catastrophic" for both their economies, the Prime Minister warned in the Commons yesterday, when he again underlined the importance of securing an agreement on the limitation of strategic weapons.

At the same time, he strongly defended the stand he took in Washington last week in seeking to prevent the U.S. over reacting to Russian and Cuban involvement in Africa.

Mrs Margaret Thatcher, Opposition leader, sharply attacked Mr Callaghan for failing to support President Carter just when it seemed that the U.S. was beginning to take the lead in developing a more robust policy towards Soviet expansionism in Africa.

She asserted that by "playing down" the Soviet threat, the Prime Minister had indirectly encouraged the Russians to continue their African incursions.

Mr. Callaghan, who had earlier been warmly commended from the Government benches for defusing what Mr. Alex Lyon (Lab., York) termed the "hysteria" which had seemed to be developing among Western nations over Africa, hit back strongly.

He told Mrs Thatcher "There is no question of the United States wishing to be directly involved in military intervention in Africa and it is reckless for you even to suggest that they might be." British and American policies on the situation in Africa were closely related with both Governments fully appreciating the nature of the Soviet threat and the response which had to be made to it.

Amid Labour cheers, the Prime Minister declared: "The Soviet Union knows that this Government is not just anti-Soviet for its own sake. We intend to live with this country in the world and not set up artificial conflict with it."

Replying to Mr. Lyon, he explained that while the nations of the West had adopted a clear attitude about recent events in Africa, no clear policy had yet been evolved. "That is something which we have to continue to work on," he said.

Reaffirming his view that it was essential not to react to events in Africa in the context of an exclusively East-West conflict, the Prime Minister maintained that it would be far better for the West to try to help the African countries to solve their basic problems instead of concentrating on the symptoms.

But he agreed with Mr. Peter Blaker (C, Blackpool S) that there was a dilemma in that further Russian involvement in Africa might deny the West an opportunity to deal with the root causes. Nevertheless, there must be some balance in the argument and he was glad that he had been able to interpolate a note of sanity.

The Prime Minister reporting to MPs on the NATO Council meeting in Washington and his visit to New York to address the UN special session on disarmament, recalled that he had stressed the central importance of a Salt II agreement which he believed could be obtained.

But he also spoke of feeling impressed and depressed by the consequences and possibility of another arms race without such an agreement. "That is why I am not trying to raise the temperature with the Soviet Union or anybody else. I am trying to lower it."

He urged Tory MPs not to strike propaganda attitudes over arms spending and declared: "We are living in a powder keg situation."

Minister relents on tax relief for self-employed

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A SURPRISE tax concession for the self-employed who spent part of the year working overseas was announced yesterday by Mr. Robert Sheldon, Financial Secretary to the Treasury, when the committee stage of the Finance Bill resumed in the Commons.

The Budget proposals provided a measure of tax relief for self-employed people and members of partnerships who are resident in the UK and who work abroad for at least 60 days in an income-tax year.

The Tories had put forward an amendment to halve the term to 30 qualifying days, thus bringing the self-employed into line with employed persons who were given a similar tax concession in last year's Finance Bill.

Much to their surprise, Mr. Sheldon accepted the amendment despite the fact that he has argued against it in the past on the grounds that it would be too difficult to administer.

This means that those self-employed who work 30 days abroad can, for tax purposes, deduct 25 per cent of the profits from the trade attributable to the days worked abroad in the year of assessment.

The concession was greeted with a cheer from the Opposition, who have been pressing for such a move for some years. But they saw it as a belated move on the Government's part and were sceptical about the reasons which prompted it.

The saw it in the hand of Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who is in charge of the Government's drive to convince the self-employed that the Labour Administration is not hostile to them.

Mr. Sheldon made it plain to the committee that the alteration to the Bill should be seen as proof of the Government's desire to help the self-employed. "This will be well-received as evidence of our intentions concerning the efforts of the self-employed and those who contribute so much to our international involvement in trade," he declared.

He said there had been formidable arguments against such a concession. It was more difficult to monitor the number of days spent abroad by the self-employed, who had more freedom of movement than employed people.

However, the Government had come to the conclusion that this was outweighed by the need to remove the distinction between the employed and self-employed who spend part of their time working abroad.

Mr. Nicholas Ridley (C. Cirencester and Tewkesbury) said the Tories were extremely thankful for the Government's acceptance of the amendment. But if Ministers were prepared to change their minds so rapidly, why was the 60-day rule put in the Finance Bill in the first place?

He accused the Government of introducing oppressive tax provisions and then making concessions as if it were some great reform in administration. "I don't think this is much of a concession. I look upon it as a grievous error which has now been put right."

Mr. Peter Rees, one of the Tory front bench Treasury spokesmen, recalled that when the 30-day concession was made to the employed last year, Mr. Sheldon had said it was too difficult to meet the Tory demands for it to be extended to the self-employed.

He thought Mr. Sheldon had seemed to be arguing that because self-employed people had more control over their own movements, then they had been "on the fiddle."

Mr. Rees complained: "A Labour Administration is never prepared to trust the self-employed. Labour proceeds from the premises that the self-employed are by definition twisters and evaders. We don't believe the tax system should be tailored with that in view."

Davies 'confident' on objectives

MR. DENZIL DAVIES, Treasury Minister of State, told the Commons last night that he is "confident" that gilts will attract the funds needed to finance he public secor borrowing requirement in line wih the Chancellor's monetary objectives.

He was replying to Mr. Robert Cant (Lab. Stoke Cent.) who, in a question tabled for answer before the House adjourned for the Spring recess, referred to the "stalemate" in the gilt-edged market.

In a further question, Mr. Cant asked whether, in order to moderate the growth of money supply, the Chancellor would reintroduce the so-called corset restriction

Mr. Davies answered: "The growth in bank lending o the private sector in recent months has been by no means excessive. However, I shall be ready to use any appropriate weapon o ensure that this and other components of monetary growth are kept to he desired trend.

"The supplementary special deposits scheme remains in place and reserve the right to reactivate it if and when necessary. If reactivated, the scheme might, as has been made clear, be based on figures for interest-bearing eligiblie liabilities some months in arrears."

Peers agree PR voting for Welsh Assembly

THE HOUSE of Lords yesterday wrote into the Wales Bill an element of proportional representation for Assembly elections despite a Government warning of future clashes with the Commons.

Peers voted 151 to 66—a majority of 85—for an "additional member" system which had found backing on all sides of the House.

The system provides, on top of those elected for individual constituencies, an extra 25 members allocated to bring the parties, as nearly as possible, into proportion with the votes cast.

It had been proposed in the names of Lord Kilbrandon, chairman of the Commission on the Constitution, Lord Harlech, the Tory peer, and Lord Lloyd of Kilgerran (L). Lord Houghton of Sowerby (Lab) also argued that some form of PR was inevitable.

But for the Government, Lord McCluskey, Scottish Solicitor General, warned that there had been, and would continue to be, massive votes in the Commons against additional member voting.

"You may think it is something of a waste of time to press on in the face of these massive votes by the elected House," he said. It could also be construed as impertinence.

The other system had been chosen because it was traditional, well known, well tried, perfectly understood, and had grown out of our own political conditions. "There would have to be powerful reasons for changing such a system," he said.

Lord Harlech said that opinion both outside and inside Parliament saw the strongest reasons why PR should apply in elections for both the Welsh and Scottish devolved assemblies.

The Welsh body should represent as nearly as possible, opinion throughout the Principality, including minority groups.

The proposed system would provide, on top of those elected for individual constituencies, an additional 25 members who would be allocated to bring the parties as nearly as possible into proportion with the votes cast.

Marking of ballot papers would be "simplicity itself" with voters marking the one or two candidates of their choice, and then having an additional vote to cast for the party they supported.

Lord Lloyd said the existing "first-past-the-post" system had distorted the whole picture in Welsh politics, with over 50 per cent. of the voters supporting Liberals, Tories, or Plaid Cymru but getting well under 50 per cent of the seats at Westminster.

"There is a real fear in Wales that this first elected Assembly will be dominated by one party," he said.

Lord Houghton said that even if the first-purt-the-post system were introduced initially, some form of PR would take over in the end.

But Lord Parry (Lab.) said there was no evidence that the proposed system would lead to an increase in the numbers of people voting.

"The real dilemma of democracy is a question of getting all the people to involve themselves with the Government in support of or opposition to its policies," he said.

Lord Davies of Leek (Lab.) said that the Wales Bill itself was a massive reform. Proportional representation should wait.

Lord Energlyn (Ind.) said he would support the change. "If only to bring home to the people of Wales that they should turn out at the referendum."

Baroness Elliot of Harwood (C) said that the change would mean a much fairer representation in the Welsh Assembly. It was very important there should be the opportunity to bring into the Assembly people who might make a very big contribution, but might not submit themselves for election.

Mr. George Robertson, Labour winner of the Hamilton by-election, with his wife Sandra, and sons Malcolm, aged five, and Martin (right) aged three, when he arrived to take his seat in the Commons yesterday.

Listeners upset by all that noise . . .

By Rupert Cornwell, Lobby Staff

MR. WILLIAM PRICE, the Minister in charge of introducing broadcasting to the House of Commons, confessed yesterday that radio coverage in its present format was a "public relations disaster" which could lead to Parliament making a monumental laughing stock of itself.

Mr. Price remains in favour of broadcasting. But his public misgivings sum up the feelings of many MPs of all parties that coverage in its present shape, concentrating on the rowdy, abuse-strewn exchanges at Prime Minister's question time, is doing more harm than good.

Every single MP he had spoken to had reported complaints from constituents. "The trouble is always the same—our behaviour. Listeners have been appalled at the noise, the bellowing, the abuse, the baying, the hee-hawing and the rest," the junior Minister at the Privy Council Office declared.

"Throughout the discussions over broadcasting, this was a matter which concerned us, and I say that as one who in the past has done more than his share of the shouting. People simply do not understand that the Commons is an excitable, emotional and noisy place."

The danger now, as Mr. Price warned yesterday, is that growing disenchantment with broadcasting can only strengthen the hands of those who have always opposed the introduction of radio and set back further any chance of televising proceedings.

In fact, the first two months of regular coverage have divided Westminster into two distinct camps: those who want to get rid of radio, and those who feel that only TV will clear up the mystery by allowing people to see what they now can merely hear.

There have also been behind-the-scenes moves to try and reduce the emphasis on Prime Minister's questions. This could take the form either of carrying them in an edited, recorded form, with the worst of the noises-off deleted, or of transmitting much more of the Commons to convince listeners that the two 15-minute sessions on Tuesdays and Thursdays are in fact highly unrepresentative of what goes on.

Speaker finds 'no sabotage'

THE MYSTERIOUS appearance of the names of Royalist Tory MPs on anti-monarchy motions on the Commons Order Paper was all the result of "simple human error," the Speaker, Mr George Thomas, told MPs yesterday.

Mr Thomas, who ordered an inquiry following an allegation of "probable sabotage" by printers of the official proceedings of Parliament, said a new checking process should prevent a recurrence of the mistakes.

The charge had been made by Mr Anthony Fell (C. Yarmouth), who, with some of his Opposition colleagues, was the victim of two mistakes on the Order Paper in the week before the Spring recess.

Mr Thomas told the House that a "thorough investigation" had been carried out. The mistakes had not been made by the printers at Her Majesty's Stationary Office but in the course of the editorial preparation of copy for printing.

"I am satisfied that the mistakes were in no way motivated by malice but were the result of simple human error," he said.

Tory 'battle plans' attacked

THE Prime Minister yesterday warned the Tories against "drawing up battle plans for future industrial conflict."

As he clashed with Tory Leader, Mrs. Margaret Thatcher, when the Commons resumed after the spring recess he smiled and said: "There seems to be an early outbreak of party skirmishing, just as we have got back. . . ."

As far as the Government's own programme was concerned, this, would "appear in due course, and will utterly satisfy the nation—I have no doubt about that."

Mrs. Thatcher was stung into an attack on Labour Party nationalisation proposals after criticism of a leaked Tory report on unions and State-owned industries.

Mr. Max Madden (Lab Sowerby) called it a plan for "conflict and confrontation in our public industries."

He added, "Mrs. Thatcher owes it to the public and workers in the public sector to make it clear whether she supports these bizarre proposals."

Mrs. Thatcher challenged Mr. Callaghan to say if he supported the Labour Party conference call to nationalise building, banking, insurance, land and 32 major private companies.

Mr. Callaghan replied: "I have no responsibility for party documents."

Clash over Government attitude to closed shop

Closed-SHOP agreements should be operated "in a flexible and tolerant way," Mr. Harold Walker, Employment Minister of State, said in the Commons yesterday.

Replying to Tory attacks over the Government's attitude to the closed shop, Mr. Walker accused the Opposition of a lack of concern for those workers denied the right to joint unions.

He recommended that they read a speech on Monday by Mr. David Basnett, general secretary of the GMWU, who insisted that the Tory campaign against the closed shop was naked political opportunism.

This theme was taken up by Mr. Robert Kilroy-Silk (Lab., Ormskirk) who accused the Tories of "cynical opportunism."

But Mr. Jonathan Aitken (C., Thanet E.) described the Government's attitude on the issue as "staggeringly complacent." He referred to a former British Rail worker who was taking his case to the European Court of Human Rights.

Mr. Ian Gow (C., Eastbourne) added that 42 former BR employees, some with more than 30 years service, had been dismissed without compensation because they had refused to join a union.

Conservative employment spokesman Mr. Barney Hayhoe said that the "continuous weasel words" used by Mr. Walker in relation to the closed-shop isue failed to show how his "supposed neutrality" differed from that of Pontius Pilate. Such an attitude destroyed any claim that the Government was concerned about the individual rights of workers.

Mr. Hayhoe said the weekend comments by Mr. Basnett on the Tories' closed-shop policy were a "gross and grave misrepresentation."

Mr. Walker said that the Conservatives' "crude approach" to the closed shop would inevitably lead to the "disastrous consequences" of the industrial relations policies they had pursued in 1972.

MP loses Bill on 'binding over' powers

AN MP failed yesterday in an attempt to prevent magistrates having the power to bind over people to keep the peace when they had not been charged with an offence.

Seeking permission to introduce a Bill to change a 617-year old Justices of the Peace Act, Mr Phillip Whitehead (Lab. Derby N) recalled the case of a hunt saboteur who appeared in court as a witness and was subsequently jailed for refusing to be bound over to keep the peace.

He did not wish to abolish the binding over power. "What the Bill seeks to do is remove the power of the magistrate to confine or harass those whose conduct is not unlawful but of which they may disapprove."

Mr. Roger Sims (C. Chislehurst) said the object of the 1361 Act was not only to deal with offenders but to deal with potential breaches of peace.

The Bill was rejected by 117 to 94, a majority of 23.

35 companies on blacklist

THIRTY-FIVE firms are on the Government's "blacklist" for being in breach of the voluntary incomes policy, Mr. Joel Barnett, Chief Secretary to the Treasury, disclosed in the Commons last night.

Mr Barnet also told MPs that the Crown Agents had been asked not to place orders with companies breaching the pay policy guidelines when making purchases for the Government and to take Government policy into account in the placing of contracts on their own behalf.

Meriden loan payments

THE MERIDEN Cooperative is due to resume interest payments on the £4.2m loan provided by the Government on June 30, 1979, Mr. Bob Cryer, Industry Under-Secretary, stated in the Commons yesterday.

Unless an alternative programme of payment had been negotiated meanwhile, he said, the co-operative would also be liable on that date to repay the deferred interest, totalling £1,047,594.

LABOUR NEWS

Post Office engineers accept 10%

BY OUR LABOUR STAFF

POST OFFICE engineers agreed yesterday to settle within the Government's pay guidelines—but they demanded an end to wage restraint and decided to negotiate a 20 per cent wage increase next year.

This is one of the last unions to accept a pay rise within the present Government guidelines which expire on July 31.

The agreement means an overall 10 per cent. increase plus £1.23 a week productivity for all staff over 18 from July 1.

The new deal puts the main grade of technical officer of between £76 and £98 a week in total.

Mr. Bryan Stanley, union general secretary, told the Post Office Engineering Union conference at Blackpool: "What we are putting before you is not the settlement we believe meets all our aims and objectives.

"But it is the best we can do under the present circumstances." The national executive was instructed, however, to lodge a further wage claim immediately.

This was despite deputy general secretary Mr. Ted Webb telling them: "The Government guidelines do not allow for an immediate pay claim. There is no more money left in the kitty."

The delegates' demand was backed up by another resolution carried on a card vote.

This reaffirmed the conference's "total opposition" to wage restraint including a 12-month embargo. It instructed the NEC to negotiate a 20 per cent wage increase to be effective from next August.

Clash over building industry pay offer

BY NICK GARNETT, LABOUR STAFF, IN DUNOON

DIFFICULTIES FACING the Transport and General Workers' Union, which is preparing strike action over a pay offer for the building industry worsened yesterday.

The conference of the industry's biggest union, the Union of Construction, Allied Trades and Technicians, at Dunoon, overwhelmingly endorsed its negotiators' acceptance of the offer, affecting 800,000 workers, which the Transport and General has rejected.

At the same time, a large majority of the Transport and General's own regions have decided they are unwilling to take industrial action. Only Yorkshire, London and Liverpool have shown any signs of militancy.

Negotiators for the Transport and General's construction section had recommended acceptance of the offer last month, but the decision was overturned by regional lay delegates.

Mr. George Henderson, the Transport Workers' national secretary for construction, is expected to report soon on the position to his union's executive. He is also due to meet UCATT officials tomorrow at Dunoon to try to resolve the severe difficulties now facing the industry's joint union side.

With the present annual agreement due to run out on July 25, and the two largest unions at loggerheads over the offer, the whole framework of national negotiating machinery is being thrown into question.

Senior UCATT officials said yesterday they would want new payments to run from the end of July.

The issue has also worsened relations between the two unions. Mr. Hugh D'Arcy, UCATT executive member, told the conference that the Transport Workers' tactics were "an attempt to denigrate UCATT, undermine our position in the construction industry and make us look weak and ineffective."

The conference instructed the executive to wage a militant campaign for a 35-hour week and new hourly rates of £2 craftsmen and £1.90 for non-craft workers in the 1979 negotiations.

Banknote printers vote to stay out

BY PHILIP BASSETT, LABOUR STAFF

WORKERS in a dispute at the Bank of England's note-printing works at Loughton, Essex, voted again yesterday to continue their strike, which has stopped distribution of new bank notes.

Officials of the Advisory Conciliation and Arbitration Service meet management and unions today in a second attempt to resolve the dispute. The first meeting with ACAS last week was adjourned after a day of talks.

At a mass meeting at the works yesterday the 500 workers, mainly women, threatened to spread the dispute and picket the Bank of England in Threadneedle Street if there was no satisfactory settlement soon. There will be another mass meeting on Friday.

The dispute, over a closed-shop claim by the Bank's note-examiners, involves examiners, drivers, binders and other groups, all members of the Society of Graphical and Allied Trades, and all dismissed by the Bank for alleged breach of contract.

Mr. Maurice Suckling, SOGAT area organiser, told the meeting that the Bank had offered concessions, but the central issue remained unresolved. The Bank would not be specific, he said, on the guarantees on de facto SOGAT areas the workers wanted.

The dismissed workers at the meeting were told that there would be no problems in reinstatement when the dispute was settled.

The Bank has a policy of "encouraging" membership of SOGAT. Its policy on the closed shop is that if there is 90 per cent. membership in an area and if guarantees can be given for non-union members in the area, negotiations for a closed shop can begin.

Ford foremen walk out

HUNDREDS of foremen and supervisors at Ford's Dagenham works yesterday walked out to back a demand for protection from physical attacks by other workers.

"They are so scared about these attacks that they feel they must do something positive to bring some response," said Mr Bob McCusker, assistant general secretary of the Association of Scientific, Technical and Managerial Staffs, to which most of the supervisors belong.

They are expected to stay out until Monday and production of Cortina and Fiesta cars will be badly hit.

The trouble arose from an incident in the Dagenham body plant last week when a foreman alleges he was punched. The hourly-paid employee involved was sacked, but reinstated after an appeal at which he was represented by a union official.

Some 3,500 production workers at the Perkins diesel engine plant in Peterborough were sent home yesterday because of a strike by 34 maintenance men over a company scheme to bring in sub-contractors for some week-end duties.

Production of Chrysler Alpine cars restarted after 1,500 shop floor workers at the Ryton plant, Coventry, voted to end a "who does what" strike.

UK unions to fight EEC steel cutback

BY ROY HODSON

UK STEEL unions will fight European Commission plans to cut Community steel production in the third quarter of this year by more than 2m tonnes.

Mr. Bill Sirs, chairman of the TUC steel committee and secretary of the Iron and Steel Trades Confederation, will ask the Government to maintain steel production in defiance of the EEC edict. He will also ask it to impose unilateral import quotas on low-priced foreign steel imports.

Sir Charles Villiers, chairman of the British Steel Corporation, said yesterday that he sees the EEC proposals for cuts in steel production as "inevitable but painful."

British Steel could be forced to reduce production by several hundred thousand tonnes in the third quarter, if the limitations upon steel output being proposed by Viscount Etienne Davignon, the EEC Industrial Commissioner, are approved by his fellow commissioners and by the European Coal and Steel Community.

On imports, the TUC and the steelmakers are particularly worried about the volume of Italian-made steel being imported.

Sir Charles and the heads of other leading European companies are also concerned about the future of Eurofer, the European "club" of steel-makers which was formed just over a year ago to speak for the European steel industry. Some steelmakers are flouting the rules of Eurofer, which call for complete co-operation with the EEC in all measures which are designed to keep the industry in balance.

British Steel, still losing at a rate of £400m a year, has been doing better business during the last five months under the protection of the Davignon plan, but if it is forced to cut production it will have to introduce a series of production pauses at a number of its steel mills.

● The dispute-crippled Llanwern steel complex near Newport, Gwent, will be shutdown from Sunday, with 4,500 workers laid off, unless the blastfurnace pay row is resolved.

Social workers to ban 'life or death' cases

SOCIAL WORKERS in Southwark, London, are to ban "life or death" cases from Monday and take strike action in support of a pay demand.

Workers at eight offices and two hospitals in the area would refuse to accept new cases from Monday, with no exceptions, a spokesman for NALGO, the local government workers' union, said yesterday.

Life or death emergencies would be put in touch with another agency, such as the police. No inquiries from councillors would be answered, an overtime ban would be tightened, and the action would culminate in a one-day strike on June 26.

NALGO is demanding regrading which would raise the minimum gross pay of a social worker from £68 to £83 a week. It also wants a reduction in hours, and paid overtime.

MPs told to boost London

A DEMAND for stronger Parliamentary pressure to promote the interests of the London area is made to-day by the South-East Regional Council of the TUC.

The regional council says in its annual report that Mr. Eric Varley, Industry Secretary, and his junior Ministers fail to comprehend fully the seriousness of problems facing London and other parts of the region. MPs from the area are accused, with certain exceptions, of failing to represent its interests sufficiently effectively.

"In the coming year, the regional council will be working to develop a more effective Parliamentary lobby on the economic problems of the South-East," says the report. The regional council has formed a strategic and economic planning committee to try to attract more Parliamentary and union attention to the strategic planning issue.

'Revolt' over import deals

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S giant chemical companies were warned yesterday of a coming trade union revolt over their import deals with Eastern bloc countries.

The General and Municipal Workers Union accused ICI of being among "industrial vandals" jeopardising the long-term interests of its workforce for short-term gains in recent compensation deals with COMECON—the East European trading bloc.

The union believes that, because such deals are based on import agreements, British jobs stand at risk in the long-term. It is to propose giving the issue high priority in the newly-formed joint trade unions' chemical council.

Mr. David Warburton, the union's national officer for the chemicals industry, said at its annual conference in Scarborough that chemical companies, while expressing support for the industrial strategy, were flouting one major principle, on import substitution.

Britain's import problems were not due only to unfair competition, cheap prices and indiscriminate dumping. "They are the result of the deliberate, calculated action of major multi-national companies. . .

"These disciples of free enterprise are not averse now to entering into comprehensive deals with COMECON."

In recent years Western Europe's imports of cheap plastics, fertilisers, synthetic rubber and glass from the Eastern bloc had greatly increased. In Holland over 30 per cent of synthetic rubber was imported thence, in France over 20 per cent.

It was estimated that by 1981 the COMECON states would become net exporters of PVC low-density polyethylene and polypropolene.

In one recent deal, ICI, Davy Powergas and Klockner were to supply to the Soviet Union two methanol plants with productive capacity of 2,500 tonnes a day. As part of the deal Russia would export 300,000 tonnes each year for ten years to western Europe.

"And ICI is Britain's biggest methanol producer," said Mr. Warburton.

He explained that most deals with COMECON involved compensation trading, which meant paying for such plants in goods made in the plants the multinationals had helped to build.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OIL TECHNOLOGY

Making sure of an important pipeline

X-RAY CRAWLERS for the internal inspection of heavy duty pipework are to be supplied by BIX International to Saipem SpA for operation on the massive pipeline project which will link Tunis with southern Italy.

The line will cross the Mediterranean to Sicily and then pass under the Straits of Messina at depths between 1,800 and 2,000 feet. The 20 inch pipe will have walls about 1 inch thick.

Laying will take place from the Castoro 6 laybarge and initially, BIX will familiarise engineers with the use of its three crawler units, as well as maintenance routines.

The weld inspection operation is expected to last for four to six months and work will begin next month.

BIX Series 2 machines provide high quality panoramic X-rays and are controlled from outside the pipeline by an operator who uses a weak gamma radiation source, sensed by three in-line detectors on the crawler. The operator passes the isotope along the pipe in the direction of travel and then places it on the pipe at the next weld to be inspected.

The crawler motor is started by the first pass with the isotope and on arriving in the area of the radiation, the vehicle slows down, overshoots slightly and then backs into the exact position for radiography.

When the isotope is removed, X-ray exposure takes place ten seconds later automatically.

Further details from BIX International (Esperanza Group) Dolphin House, Commerce Way, Leighton Buzzard, Beds., Leighton Buzzard 67206.

A pig for most jobs

A MULTI-USE pipeline pig which has one basic body and cup design may be used for approximately 80 per cent of all pigging applications in petroleum, oil/gas and water piping and pipelines, says the manufacturer, T. D. Williamson, whose headquarters are in Tulsa, Oklahoma.

Basically, it serves as a batching and dewatering pig and it is used as a cleaning pig when blades or brushes are bolted on.

Called the Vantage IV, it is lightweight, easy to assemble and maintain. The design is consistent throughout the size range of 16 inches to 48 inches so that one pig body may accommodate more than one size cup and, says the company, the conical shape of the flexible urethane cups ensures longer wear and excellent sealing ability. More from the company's European headquarters at Chaussee de Charleroi 27, B 1060 Brussels (32 2 538 88 42).

Sensing rig reactions

EMI ELECTRONICS of Woking has been awarded a contract by Shell Expro for two geotechnical and meteorological data logging systems to be installed on the Cormorant A and Brent C platforms.

The minicomputer-based systems process the output from 60 sensors on each platform and record measurements of deep and shallow pore pressures, deck and caisson movement, short term settlement, temperature, wave height, wind speed and direction, barometric pressure, etc. Automatic monitoring of each channel in a given sequence can be overridden either manually or by a pre-set alarm condition.

In addition to a minicomputer, each system incorporates analogue, digital and frequency interface units, multi-channel strip chart recording, visual display unit with print-out facilities, data transmission keyboard and battery operated radio clock. The core memory ensures that no data will be lost in the event of a power failure and on Cormorant A back-up battery system complete with charger and inverter ensures that full processing facilities are continuously available.

Offshore Systems Group at EMI Electronics offers a complete instrumentation service to the offshore industry including platform deployment and immersion control, structural analysis using vibration and acoustic emission techniques, tow monitoring and acoustic television.

More from Albert Drive, Sheerwater, Woking, Surrey. 04862 76123.

● INSTRUMENTS

Tested as it moves

ORBIT has launched equipment which allows the wear on bearing and other moving machine parts to be measured without stopping the machine in which they are incorporated.

In practice, drive to the machine is switched off just long enough to enable accurate deceleration measurements to be effected. The build-up of frictional forces within the moving mechanism can then be accurately estimated on a periodic basis. But the machine is never required to stop until major maintenance is needed.

This system employs two Orbit meters and a programming module. TIC meter "A" measures the signal frequency from a transducer exactly one second after TIC meter "B" has received the same signal. The difference between these readings is the deceleration of the signal in units of Hz per second or rpm per second.

Orbit Controls, Lansdown Industrial Estate, Gloucester Road, Cheltenham GL51 8PL. 0242 26808.

● METALWORKING

Modernises the simple tools

This is the control section of a two-part version of the Talisman equipment for the automation of basic machine tools, such as lathes, drills and mills.

TALISMAN describes equipment by Toolmasters Controls for automating basic machine tools—lathes, drills and mills—in a most simple and inexpensive way. The technology has been kept unsophisticated, and it can be adapted to fit either new or existing equipment.

Both single and multiple workpieces can be produced. In the case of multiples, as the operator makes the first piece, all the movements of the machine are recorded on a magnetic tape cassette. When played back, this will reproduce exactly all the machine movements, without the inevitable delays which result if drawings or charts have to be interpreted.

Talisman can control not only the basic machine movements but also the spindle, coolant, clamps, copy slides, rotary indexing table, indexing tool post—in all, up to eight auxiliary functions can be controlled.

Individual display modules show the position of each machine axis, and control its movements. Each module has two interdependent counters which indicate either the position from an absolute datum point or an incremental movement. Push-buttons, marked with simple arrows, cause the machine to move. The feed-rate of the machine movement is selected by a rotary switch on the display, to give rapid, jog, or controlled feed-rate. The machine moves on a predetermined distance when the required figure is dialled on the thumbwheel switches and the direction button is pressed.

The display modules generate pulses which are fed by way of the cassette recording unit to the motor drives; these provide the power for the stepping motors and drive the screws relating to each machine axis. The cassette recorder registers the pulse trains and also the signals for the auxiliary functions and, on playback, takes complete control of the machine tool.

Toolmasters Controls, Perimeter Road, Woodley, Reading, Berks RG5 4SX.

● COMPUTING

Currency terminals success

FOLLOWING THE successful trial by American Express in its Edinburgh and Glasgow offices of currency exchange computing systems developed by Software Sciences Micrologic, further equipments are to be installed at the Nice, Amsterdam, Munich, Lucerne and Vienna offices.

Providing a solution to the time consuming and costly problems of account balancing during or after close of business, each of the counter-top systems will have a special-purpose keyboard with keys for specific functions and for most-used currencies. Each terminal also has a single line visual display and a fully roll printer with audit trial record.

The terminals act as input/output devices to the controlling Texas Instruments' 990/4 processor—handling the calculation and recording of currency exchange transactions—and provide on-line facilities for the interrogation of current balances for example. The use of mainframe-compatible discs permits the transfer of branch accounts to a central system when necessary. More on 0252 44321.

● TRANSPORT

Hungarians buy British

BUDAPEST FKFV (the equivalent of Budapest City Council) has just taken delivery of 20 vehicles from Air Drive of High Wycombe as part of a £½m contract involving the conversion of Bedford KB-7 tonne vans into completely independent self-clearing site vehicles.

The British conversion incorporates a chassis-mounted 100 cfm air compressor driven off the vehicle's engine to power road breakers and a pneumatic compactor and a skip handling system enabling each vehicle to transport load and off-load three self-tipping skips, giving a total capacity of 1.6 cubic metres of asphalt, rubble, etc.

This innovation, says the company, provides the opportunity in the field of small site workings for real single vehicle operation on road crossings, re-surfacing, and routine maintenance, as well as in the emergency field for gas, electricity nad water authorities.

One vehicle, with a two or three man crew can arrive on site, dig the surface with the breakers, make necessary repairs, re-surface and compact, and return to base with all rubble and spoil involved.

● IN THE OFFICE

Speeds the passage of papers

DESIGNED FOR use in the medium sized office or factory, is a mid-range airtube system called PaperLink from D. D. Lamson, Gosport, Hants.

Using a single length of tube, the range can connect up to twenty five send/receive stations. Cylindrical carriers take papers from any station to any other station. The forced air flow, by which carriers are quietly propelled along inside the tube, starts when a carrier is put into a send station and its destination then keyed into the station's central panel.

Air can flow in either direction along the tube depending on the location of the carrier's destination. Once the carrier has arrived the air flow is switched off automatically to save power.

More on 07017 87311.

● COMPONENTS

Moving into plastics

WEST PHARMARUBBER which has for the last ten years specialised in rubber moulding for the pharmaceutical and health care industries, has announced the formation of a company in association with the Johnsen & Jorgensen Group, to manufacture injection moulded plastics products for the same industries.

More than £½m will be initially invested in the company to provide an additional but completely independent manufacturing unit for customers of Johnsen & Jorgensen (Plastics) with concentration on developing specialised items for the health care industry.

More on 01-692 0377.

Modular keyboard

AVAILABLE from Electronic Engineering Services of Penge, London, SE20, is a keyboard system which can be supplied either as a fully commissioned customer specified unit or as individual key board components which can be assembled in mosaic fashion to suit the requirement.

Maximum height above the circuit board base is 15 mm and the keys have a plunger movement of 4 mm.

This Rafi RS76 system offers six basic key-top styles (coloured lamp and LED versions available) which can be fitted to either conventional gold-plated contact switches, or contactless Hall effect devices.

More on 01-659 4925.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● ELECTRONICS

Stabiliser for a hovercraft

DISPLAYED BY Marconi Avionics for the first time at International Naval Expo in Rotterdam is an electronic stabilisation system it has developed and tested in conjunction with Hovermarine Corporation for use on the latter's rigid sidewall hovercraft.

Derived from the hovercraft principle in Britain, these Hovermarine craft have been developed with support from NRDC, although the company is wholly U.S. owned.

The Hovermarine vessels a very large capacity one of which is in an advanced stage of development, lack the ability to come up on to land which is one of the characteristics of the full hovercraft. But with sidewalls, propellers and rudders constantly in contact with the water, they have exceptional manoeuvrability and a high turn of speed.

The autostabilisation system has been tested on an HM2 version, which can operate as a ferry, and it applies controlled movements to the angled rudders so that rolling motion can be damped out as it occurs.

Rotterdam port has four of these vessels (HM2 Mark 4's) on order for a number of applications and the new development is expected to extend the possible areas of use for this versatile craft, apart from naval operations.

The same group is showing an automatic low-light camera which operates all the way from starlight to sunlight conditions without human intervention. Offered in this instance for naval purposes, its suitability for surveillance in many conditions clearly provides other areas of use. More data from Marconi Avionics, Airport Works, Rochester ME1 2XX 0623 44400.

Simple current control

FIRST programmable constant current source integrated circuit to be offered has been developed by National Semiconductor. This unique device, the LM 134, is also designed to operate as a current-mode temperature transducer.

As a current source the circuit will replace field-effect transistor current sources as well as discrete circuitry in such applications as oscillators, light metering, time delays, power supplies, impedance measuring, micro-power biasing and active filters. As a current-mode temperature transducer, the LM 134 is designed for remote temperature sensing applications now requiring as much as £6 to £15 worth of discrete and hybrid circuitry.

It is programmable over a 10,000-to-1 range in operating current, from 1 micro-ampere to 10 milli-amperes, by means of a resistor between the trim terminal and the negative terminal. Current range can be extended by the addition of a PNP transistor to the circuit. The upper range of this combination is limited only by the drive capability of the external transistor.

Programmability is one of the LM 134's chief advantages over discrete FET current sources. Previously it was necessary to stock a wide range of FET current sources in order to be assured the circuit designer had the specific current output necessary, and if it were a particularly low yielding specification it was necessary to pay a premium for the part. With a single part, the LM 134, a user can now set any current output he might want.

National Semiconductor, 19, Goldington Road, Bedford, MK40 3LF. 0234 211262.

● PUMPING

Continuous feed unit

COMPLEMENTING ITS range of high pressure, low flow, peripheral pumps, is a new range called PS70 from British Guinard Pumps, Kernan Drive, Loughborough, Leics.

Constructed in all bronze to pump hot or cold water the pumps, says the company, are particularly suitable for use as a feed pump on small boilers, steam raising machines, and other situations requiring high pressure at low flow of clear liquids. The pumps are close coupled to a 0.5 hp induction motor running at 2900 rpm and models are available for use on single phase or three phase electrical supplies. The motors are rated for continuous operation.

More on 01-897 0984 or Loughborough 31872.

In Scotland

MANUFACTURER of a range of liquids metering, mixing and dispensing equipment, Liquid Control, at Kettering, now has full sales and service representation in Scotland following the appointment of an agent in Glasgow.

The Glasgow company is TSB Engineers (Coatbridge) which has recently moved to new factory premises at 222, Main Street, Baillieston, Glasgow G69 6AG (041 771 8488).

● CONFERENCE

Boss 79 in London

BECAUSE INCREASINGLY rigorous conditions under which oil-winning structures have to work demand a continuous revision and development of the technology governing such operations, a second international conference on the Behaviour of Offshore Structures will be held at Imperial College, London, from August 27 to 31.

It will cover waves, currents and fluid loading, the statics and dynamics of structures, material properties and behaviour soil mechanics and foundation engineering, and the interactions between these disciplines.

Further details from the Conference Secretariat, BOSS 79, BHRA Fluid Engineering, Cranfield, Bedford MK43 0AJ. (0234 750422).

● HANDLING

Bars safely straightened

LATEST HEALTH and Safety legislation forbids the manual feeding of reeling equipment because the whiplash effect of bars undergoing the process has resulted in many serious accidents. Now, Abbot and Gill of Sheffield has introduced a machine for handling steel bars during reeling—the process of accurately straightening bars prior to machining.

The machine is said to be absolutely safe and tamper-proof. A prime feature, apart from its electrically driven pinch rolls, is that it operates entirely pneumatically, using Schrader equipment in a circuit specially designed in conjunction with Economatics (also of Sheffield).

Controlled by a single lever, the machine consists of an infeed and outfeed, both motivated by Schrader cylinders. The entire machine cycle takes about 15 seconds and bars of up to 1½ inch diameter of any required length can be handled.

The company says it chose pneumatics to control the machine because they are less likely to break down under the adverse working environment—swarf, scale, dust and vibration—than fully electrical control systems. Pneumatic control valves are all centralised in a dust-proof cabinet and the operator can render the circuit tamper-proof by a lockable valve.

A prototype is already in operation at Firth Brown of Sheffield.

More from the company at Walkmill Lane, Bridgtown, Cannock, Staffs, WS11 7LR (Telephone 2644).

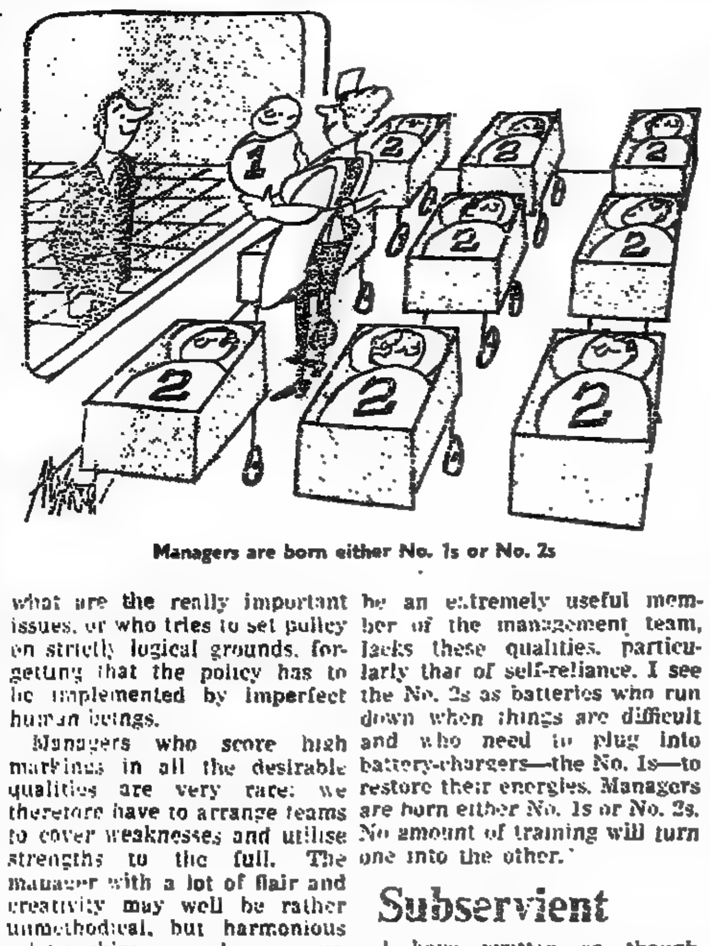
The Management Page

EDITED BY CHRISTOPHER LORENZ

After last week's look at the re-organisation of Babcock and Wilcox, the managing director of its boilermaking company, **Ron Campbell**, gives his personal view of the characteristics of a manager

The personality mix which makes for good teamwork

THE QUALITIES a manager should have are well-known: integrity, ability to get on with people, clear-sightedness, stamina, persistence, orderliness, creativity, decisiveness, self-reliance. He should also have good knowledge of the field in which he is to operate: or alternatively the type of quick, receptive mind that allows him to learn rapidly and translate his experience in related fields to the problems of the new one.



Managers are born either No. 1s or No. 2s

Another is the ability to receive signals from other people. First of all this means listening to what they say. But it also means being receptive to all the other visual signals involved in communication between people—facial expressions, body movements, etc. Only by receiving full feedback will the manager understand how others are likely to respond to proposed courses of action.

It is surprising how often one comes across otherwise very able people who have a blind spot in this one area and can give a quite contrary impression to the one intended, when, for instance, they are talking to their staff, because they are not aware that some of their words had been incorrectly interpreted. I have been in situations where two people have been talking at each other and not communicating—where they needed someone to interpret what they were trying to say to each other.

Another important attribute is intelligence. But we need to differentiate between intelligence and cleverness. I like the definition given in the Financial Times recently—the "faculty of understanding," as opposed to cleverness which was defined as the ability to process information in the manner of a computer. In management it is intelligence we are looking for. Not so useful is the highly intellectual person who can see all facets of a problem but either cannot stand back to see what are the really important issues, or who tries to set policy on strictly logical grounds, forgetting that the policy has to be implemented by imperfect human beings.

Managers who score high markings in all the desirable qualities are very rare: we therefore have to arrange teams to cover weaknesses and utilise strengths to the full. The manager with a lot of flair and creativity may well be rather unmethodical, but harmonious relationships can be set up which harness the strengths of two people. It doesn't matter too much who works for whom in some cases as long as the personalities are compatible—a necessary requirement of any successful partnership.

Where it does matter who works for whom is the arrangement of what I call No. 1s and No. 2s in any team. By No. 1 and No. 2 I mean not the relative positions they occupy but their personalities.

The No. 1 is the natural leader, with the qualities of self-reliance, independence of thought, ability to gain respect and to motivate others. The No. 2 is the man who, while he can be an extremely useful member of the management team, lacks these qualities, particularly that of self-reliance. I see the No. 2s as batteries who run down when things are difficult and who need to plug into battery-chargers—the No. 1s—to restore their energies. Managers are born either No. 1s or No. 2s. No amount of training will turn one into the other.'

Subservient

I have written as though everyone can be fitted into one category or the other. In fact, there must be continuous spectrum in this as in any other human quality and it is the relative positions in the No. 1/No. 2 scale which matters when considering how two people will work together, particularly if the No. 1 is to be subservient to the No. 2.

But why put a No. 1 under a No. 2? The answer is that there are many teams with a total management structure, with the same individual occupying different positions in different teams. Unless all the No. 2s are to be found at the bottom of the overall structure—and that is not sensible, bearing in mind the need for experience at the different levels—then some of the teams must have No. 1s reporting to No. 2s. Points where this occurs are potential sources of discord, particularly if the two individuals are a long way apart in the No. 1/No. 2 scale.

Nowhere is it more important to avoid having a No. 2 in charge of a team than at the top of the management structure. It is bad for the health of the company or division if that is allowed to happen: and bad for the health of the manager himself. He will tend to collect other No. 2s around him to avoid the discomfort of having to deal with No. 1s, who tend to be more prickly individuals. The inevitable result is poor team performance.

I believe that if we could measure positions across the No. 1/No. 2 spectrum, for a team to register a good performance its average mark would have to be above a certain figure. This condition can be fulfilled by having a team leader who is very high in the No. 1 scale with a lot of No. 2s as his immediate subordinates, but in this situation there is the disadvantage that the heir-apparent is not being trained.

There is one other classification into which I would divide managers: doers and be-ers—those whose satisfactions derive from achievement of work or of status. The worst possible situation for No. 1 members of a team occurs when the leader is a No. 2 and is also a be-er. This can only lead to the maximum frustration.

Looking at the top structure of a company, both chairman and managing director ought to be No. 1s, their talents and experience should be complementary.

Ron Campbell is managing director of Babcock and Wilcox (Operations) which will have a controlling interest in the proposed boiler-making company to be formed with Clarke Chapman.

Will U.S. product liability awards be enforced here?

BY A. H. HERMANN

JUDGMENTS IN American courts on product liability claims for compensation may soon be much more easily enforceable against British companies in British Courts even if the faulty goods were never sold in the U.S. A draft UK/U.S. convention on civil judgments, which has already been initialled, could have a profound effect on British manufacturers and insurance companies because of the very strict product liability laws and high civil awards in American courts.

As the law stands British industry is to a certain extent insulated from the effects of U.S. product liability rules.

It could happen that a British-made car built ten years ago, bought second-hand by a visiting American and taken by him to the U.S. is then driven into a wall killing the driver and seriously injuring one of the passengers. The injured passenger and the family of the killed driver could claim that the accident was due to a failure of the steering gear and ask for damages in the U.S. court. If the British maker of the car was unable to prove that the accident was not due to a failure of the steering gear he could be held liable and the plaintiffs could be awarded compensatory damages which—going by a recent Californian jury award against the Ford Motor Company—could well be assessed at around $3½m.

Such a judgment, which to an English lawyer appears far-fetched, would be virtually impossible to enforce in the UK. Under Common Law rules an English court would probably question both the jurisdiction of a U.S. court and the applicability of U.S. law. This provides a certain protection against the impact of American product liability laws at least for those without assets in the U.S. But even this protection would be removed by the proposed UK/U.S. judgments convention.

If implemented in its present form, the UK/U.S. Draft Convention on the Enforcement of Judgments in Civil Matters would oblige UK courts to respect U.S. jurisdiction to an extent far beyond that recognised by common law rules.

In the case of a British-made car sold second-hand in the UK, exported to the U.S. and crashed against a wall 10 years later, at present UK courts would not recognise a U.S. judgment against a British manufacturer. But according to the Convention the American plaintiff would only need to prove that this model of vehicle was advertised by the British maker in the U.S. before it suffered the accident in the U.S. To establish jurisdiction under Article 10/f of the Convention such an advertisement would have to be specifically directed to the territory of the U.S. but U.S. courts could possibly hold that advertising in any British newspaper or journal with a regular circulation in the U.S. satisfied such a condition.

The Convention would therefore make a great impact, particularly in the product liability area. It would facilitate the enforcement of U.S. judgments in cases which are now considered so doubtful that litigation is not even started. It could also benefit UK consumers and indirectly British industry, by forcing up safety standards and thus becoming more competitive abroad.

On the other hand, some of the awards made by U.S. juries seem to ignore the fact that the manufacturer cannot prevent all accidents. For this reason the implementation of the Convention would make it even more difficult to obtain liability insurance cover for British export products than it is at present.

According to a recent report by Lloyd's, British product liability underwriters are currently asking for premium rates of up to 20 times the UK rate for the products being imported to the U.S. Because under the Convention U.S. jurisdiction would be extended also to goods which were not exported to the U.S. but were available elsewhere and subsequently taken to the U.S., product liability underwriters may well increase premiums also for products exported to other destinations.

The impact of the Convention would not be limited to British exports alone. Under the U.S. Jones Act, for example, which provides for strict liability for accidents on vessels at sea, a U.S. court can assume jurisdiction whenever the foreign owner of the ship has a U.S. affiliate.

Leading British companies now seem to be quite alarmed about the proposed Convention. With the threat of U.S. product liability awards, it is only surprising that they have not reacted sooner. The explanation of this may be that though the draft of the Convention was initialled in October 1976 it was not publicised until a few months ago; industry and insurance companies began to protest only when the Department of Trade asked their views.

Strict U.S. liability laws, large awards by juries, and contingency fee actions brought without risk of legal costs means the effect of the Convention could be very one-sided.

There is little doubt that all aspects of the proposed Convention should be discussed very thoroughly while there is still time to revise the draft.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

An author's royalties

A UK author has royalties this year of £30,000 from an overseas country which has a DTR arrangement with the UK. These royalties are taxed in the overseas country at an average level of 50 per cent (though the top rate is 70 per cent) i.e. the tax paid overseas is £15,000, leaving £15,000 remitted to the author in the UK. The author who gets no allowances or tax relief in the overseas country has another earned income in the UK of £10,000 (gross), giving a total gross income of £40,000.

Would you please tell me what relief the author could expect to get in respect of the £15,000 paid overseas. Is it a fixed amount or is it a fixed proportion of the total income?

As you do not disclose the name of the country in question (and since double taxation agreements vary from country to country), it is difficult to give you a helpful answer. Assuming that (contrary to the OECD model) the particular double taxation agreement you have in mind does not limit that country's right to levy tax on literary royalties (and we must assume that you studied the agreement before writing to us), then the short answer to your question is that the author's UK tax bill on the doubly taxed royalties will be reduced by the amount of the foreign tax bill. However, this short answer may be deceptively simple, because there are almost certainly complicating factors in the particular circumstances of the case you are concerned with.

The amount of the foreign tax bill should be converted to sterling at the rate of exchange for the day on which it fell due for payment. This will almost certainly be different from the rate (or rates) of exchange used in calculating the gross income assessable in the UK, so it is not simply a matter of comparing the effective rate of tax overseas with the marginal rate of tax chargeable in the UK.

The size of the author's income and the potential complexity of his tax position (in the UK and overseas) appear to justify the expense of professional guidance.

Leasing plant

I have several pieces of agricultural machinery which are now in the secondary period of leasing. The agreements say that if I dispose of the plant I have to remit the money received back to the leasing company.

Is there any way in which I might be able to buy fresh equipment, say, by means of either a lease with option to purchase or by a striaghtforward hire purchase agreement, and be able to utilise the residual value of the original equipment? Is this sort of matter negotiable with the leasing company or are there statutory regulations governing these matters?

This is a matter for negotiation with the leasing company. You should be able to lease with an option to purchase if you so desire. It would be wise to ascertain the terms of other leasing companies before approaching your own lessor.

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SEMINARS

FINANCIAL TIMES SURVEY

Wednesday June 7 1978

GREECE

Four years after the fall of the junta, the growing polarisation between left and right indicates that some central problems of Greek politics remain unresolved. The economy needs modernisation, and there is the question of the country's future relationship with NATO and with the EEC.

Political strain begins to show

by David Tonge

NEXT MONTH will see the fourth anniversary of the afternoon when the Greek junta called the self-exiled Constantine Karamanlis back from Paris. But it is an indication of lost opportunities that even today the question persists of how stable is parliamentary government in Greece.

The past four years have seen the formal abolition of a long-discredited monarchy, the promulgation of a new constitution, and two parliamentary elections. They have also seen the Karamanlis governments re-establishing the weight of the institutions of state such as the armed forces, police and civil service, tainted by the junta. But this has been achieved by protecting these institutions from popular demands for purging and by redirecting them to serve the governments of today. It has not been the result of any major cleansing from them of the individuals whose open or tacit support buttressed the junta.

As a consequence the tradition of near-authoritarian rule first practised by the Bavarian King Otto who was imposed on Greece in 1833 has to some extent been maintained. The hopes of those who resisted the junta that its withdrawal would be followed by a major rebirth of Greek life have yet to be realised. Further, the institutions have kept their spirit of distrusting and blocking change at just the time when change is not only being demanded at a popular level but is also being forced on Greece as a side effect of its impending accession to the EEC.

The Government is thus under the pressure of both the Opposition and the expectations of Western Europe. Articulation of these expectations is still muffled, in part because of a lack of awareness in many quarters of how far Greece lags behind the Community in the social and economic field, and in part because members of the EEC have become accustomed to identify the political fate of Mr. Karamanlis with the parliamentary future of Greece.

But an increasing understanding of the situation in Greece and a reluctant acceptance in EEC circles—if not those of NATO—that the socialist leader, Mr. Andreas Papandreou, is in the last resort a buffer against Communism mean that from Western Europe too the pressures on Mr. Karamanlis must grow.

In Greece itself the problem is historical in that by the mid-1960s the institutions which had evolved after the defeat of the left in the civil wars of the 1940s were no longer able to meet popular demands for more open government. Indeed, when the junta fell, calls for a purging of the state machinery were not aimed merely at punishing those guilty of arbitrariness during the seven-year dictatorship but also at ensuring the "democratisation" of the state machinery. And this with two aims: to protect Greeks from further political abuse by the ultra-conservatives entrenched in the state machinery; and to meet the calls for more equitable administration.

In this field the controversy still rages. The government claims that the army is loyal to democracy and a coup is unthinkable: that the police are slowly accepting the legalisation of the Communists and Mr. Papandreou's right to challenge Mr. Karamanlis for power; and that the mechanism of justice and the civil service are back on course.

But the Opposition sees things differently. They believe that the army is loyal only to the right and not to the principles of parliamentary rule and popular sovereignty. They argue that the police often seem to condone the growing bunch of right-wing militants who have beaten up journalists and attacked left-wing offices. And they point to the results of leaving the whole process of purging in the hands of an unpurged judiciary. Only a handful of the junta's notorious military torturers are still in prison, while almost alll the civilian torturers whose activities led to the Colonels being forced out of the Council of Europe in 1969 escaped prison. Most are no longer serving in the security forces but there is the occasional press report of a known torturer being promoted.

Also the subject of debate is the State's interference in union activities, its frequent confrontations with the workers, the violent methods used by the police, and the delays in carrying through a number of basic reforms. These include granting legal equality to women, reforming the penal code and divorce laws, speeding up permissions for the return from the Eastern bloc of the Communist refugees from the civil wars and lifting the impediments to opposition access to the State media.

Such arguments lie behind the growing polarisation of Greek political life. But there are equally heated arguments about foreign policy. Mr. Karamanlis has charted Greece on a course of affirming its links with the West, in particular through accession to the EEC.

It has been a consistent policy which he has followed with determination and on which he has staked his reputation. He is also seeking a return to military co-operation with NATO from whose military wing Greece largely withdrew in 1974 in the wake of the Cyprus debacle.

But on both such policies he has been roundly attacked by Mr. Papandreou. The socialist leader has rallied his natural constituency, the smallholders who dominate the Greek economy, to his call "No to the EEC of the multinationals." His party, PASOK, has renewed its attacks on NATO as a "permanent threat to world peace" and "an aggressive imperialist mechanism" — attacks which even in the less demonstratively anti-American climate in Greece of today strike some chord among the many Greeks who blame the U.S. both for the junta and the Cyprus situation.

He has also stressed his nationalist credentials, answering Mr. Karamanlis's slogan "Greece belongs to the West" with his own "Greece belongs to the Greeks;" opposed negotiations with the Turks over the Aegean on the grounds that it means bargaining away Greece's sovereign rights and frontiers; and followed a tough line on Cyprus.

Today Greek politics has become a bitter battle between these two. Last November's elections saw Mr. Karamanlis's share of the vote slip from 54.4 to 41.9 per cent and Mr. Papandreou nearly double his vote to 25.3 per cent. All the indications are that in a world of volatile party loyalties he has continued to gain ground. The centre collapsed to a mere 12 per cent of the vote and its subsequent intra-party battles mean that at present it is a negligible force. On the Right the National Rally won 6.8 per cent of the vote and its youth has since been active. On the Left the Communist Party of Greece (KKE), a pro-Moscow party, consolidated its position with 9.5 per cent of the vote. But the limited size of the "industrial proletariat" where it enjoys support and the fact that most of the agricultural population are smallholders, and the party's total exclusion from the state machinery—let alone, as to a lesser extent is true for Mr. Papandreou, from the state media—mean that talk of a Communist danger is far fetched.

The municipal elections due in October are important in that they will provide concrete evidence of whether PASOK and the KKE will be able to sink their differences—particularly over foreign policy—to the extent of presenting a joint challenge to Mr. Karamanlis.

At present, time would seem to be on Mr. Papandreou's side in that there is a steady swing in his favour, to the extent that Mr. Papandreou, who once seemed to be opening his policies towards the centre, now appears to be waiting for the centre to come to him.

But perhaps just as crucial is that he is 12 years younger than the Prime Minister, who is 71 and who has yet to establish an heir.

The New Democracy party is very much his personal creation and it is questionable whether it would survive his departure. Its leading personalities are now Mr. Evangelos Averof-Tossitsa, Mr. George Rallis and a forceful newcomer to the party, Mr. Constantine Mitsotakis.

Mr. Averof-Tossitsa, who has been Minister of Defence since the fall of the junta, walks with his customary cat-like skill on the right of the party. Mr. Rallis, a powerful figure who holds the reins of the party organisation, has considerable administrative ability but despite his impeccable conservative credentials there is some resentment within the party at some of the reforms he has introduced.

As for Mr. Mitsotakis, crucial for his future will be his success at reviving the flagging economy, but even if he succeeds in this many members of New Democracy will still question the reliability of this latecomer to their ranks and who in the mid-1960s was their opponent.

What happens to these will be influenced by the extent to which Mr. Karamanlis tries to impose his choice on his party when he either chooses to take a deserved rest or seek election as President. His closest advisers say that he is keeping his options open. Potentially the Presidency is a powerful post, even though its present incumbent, Mr. Constantine Tsatsos, has followed Mr. Karamanlis's apparent wishes in pursuing a purely formal role and has not even made one state trip abroad.

Equally important for the future will be the timing of Mr. Karamanlis's next step. His advisers say he does not wish to leave the train until it reaches at least one of his chosen stations — obtaining Greece's accession to the EEC or resolving the problems with Turkey over the Aegean or the Cyprus dispute. And while these are proving hard stations to reach, the once-distant challenge presented by Mr. Papandreou slowly mounts.

Task of updating the economy

ONE MONTH ago there was an abrupt change among the personalities running Greece's economy. In place of his mandarins from the 1950s who had been acting as economic overlords, the Prime Minister, Mr. Constantine Karamanlis, brought in the forceful liberal maverick, Mr. Constantine Mitsotakis, to head the Ministry of Co-ordination. As Minister of Finance, he appoined Mr. Athanassios Kanellopoulos, a lively academic who used to belong to the political centre.

By entrusting direction of the economy to men from outside his own party, Mr. Karamanlis was recognising the need to give it fresh impetus. Growth is well below the rates of the late 1960s. Private manufacturing investment is lower in volume than in 1973. Consumer prices are rising at 12-13 per cent, well above the average in the OECD; and the drachma has been falling at an annual rate of around 14 per cent against the currency of Greece's main trading partners.

Mr. Karamanlis himself appears to believe that it is not the policies of the past four years which have been proved wrong, but their application. For all the Press talk of an "opening to the centre" there are doubts about whether any major policy shift should be expected. The Ministers themselves tell visitors that their priorities are "putting the house in order" and, like their predecessors, tackling inflation. Despite their backgrounds the Ministers are preferred by industrialists to their predecessors.

The respected Athens economic weekly *Oikonomikos Tahidromos* stresses the problems the Ministers would have in introducing any changes and also emphasises the role the Prime Minister himself has played in running the economy. It sees three factors as contributing to the difficulties faced by previous Ministers—the way the Prime Minister's office has often rejected ministerial proposals; the international business slowdown; and the way that the intense political importance given to Greece's entry to the EEC has "paralysed everything" in the economic field.

Behind all this is the rough legacy that the dictatorship bequeathed its successors. Four years have passed since the Colonels' junta fell, but still the Greeks are having to pay the bills it left behind.

The economy continues to suffer from the downturn it took even before the 1973 world oil crisis. It has to bear the massive millstone of defence expenditure needed to handle the confrontation with Turkey which the junta unleashed. Equally, after seven years of repression, the workers are pressing their demands—while industrialists are only adapting slowly to the change from the policed economy of yesterday to the more open society of today.

But though the junta period contributed to the present acuteness of many of these problems, it is also true that where the structure of the economy is concerned the junta only exacerbated existing problems. Today the impending accession of Greece to the EEC makes the facing of these problems increasingly complicated, crucial and overdue.

This year the authorities expect GNP to grow by 5.4 per cent in volume—well below the 7.6 per cent annual average recorded during 1963-73, the heady decade of the "Greek economic miracle."

Last year growth was held back by a decline in agricultural output and by sluggish growth of manufacturing output. The Governor of the Central Bank, Professor Xenophon Zolotas, attributes the mere 2 per cent increase in manufacturing output to a slowdown in the growth of exports, following the slow growth and "increased protectionism in Western Europe," and to a shift of domestic demand towards imported manufacturers.

Worried

In the labour market the high degree of self-employment in Greece is reflected in the way that underemployment rather than open unemployment has been the main problem. For their part the authorities have been far more worried about the continuing rise in prices.

In the year to January last consumer prices rose by 13.4 per cent according to the official index, though the real increase was widely perceived as higher.

Professor Zolotas blames the pressure on prices on the recent housing boom and on the rapid rise in unit labour costs; the rate here is running at about 20 per cent per year. He adds that the persistence of inflation is to a large extent the result of the inflationary expectations prevailing in the economy.

To tackle this situation the Government has attempted to restrain the growth of money supply. It has also begun to stress that one of the key elements of inflation is the service sector, "with its uncontrolled possibilities of profit," as the Ministry of Co-ordination says.

Professor Zolotas points to the mushrooming numbers of middlemen such as importers and traders who are not listed, perhaps even by the tax authorities, and who are not interested in productive investment, he says. It is these, he believes, who are largely responsible for the "excessive consumption" in boutiques and tavernas, let alone the purchase of consumer durables such as cars which have to be imported.

Behind this problem lie structural factors bound to be affected by Greece's accession to the EEC. One of these is the high proportion of self-employed and unpaid family workers in the workforce. The OECD writes that in 1971 these totalled nearly 60 per cent of total employment as against around 30 per cent in Italy and Spain and between 10 and 20 per cent in the OECD as a whole.

Another crucial characteristic of the Greek economy is the low share of manufacturing and the high share of services in overall production.

Manufacturing accounts for around 20 per cent of GNP, which is lower than the share in Turkey and significantly lower than in Portugal, Spain or Italy of 15 years ago. The high importance of services such as tourism and shipping is described by Professor Zolotas as a "permanent feature of the Greek economy since antiquity." As such it is not necessarily a weakness but it does mean that a large trade deficit is a structural feature of the economy; that to expand the economy as a whole it is not sufficient to stimulate only manufacturing; and that marginal expenditure has a high import content. As one economist at the Bank of Greece says, "When we take measures to stimulate our economy, it is the factories of our trading partners which benefit."

Such problems are aggravated by the nature of Greek manufacturing units. From the products angle, Greece is strong in textile production and this would be a healthy sector but for European protectionism. But much recent investment, particularly by foreigners, has been in the field of mineral processing or "white goods." Such plants as Pechiney's Aluminium de Grèce have relatively low local value-added and do not father ancillary industries. Equally, the white goods depend heavily on foreign technology and imports. The import content of manufacturing inputs in general is relatively high.

Greece still exhibits the classical attributes of a dual economy. Alongside the relatively few large units exists a plethora of small workshops. In 1975, 84.4 per cent of Greek manufacturing units employed four or fewer people and 9.2 per cent between five and nine people.

These small units have long been discriminated against when it comes to obtaining bank finance or official licences. But they survive. The Government's view is that their flexibility will preserve them from the chilly winds of unrestricted competition after the full dismantling of tariff barriers. This is due in 1984 under the existing Treaty of Association with the EEC.

The industrialists themselves are becoming increasingly concerned about the implications of entry. A recent study by IOBE, the Institute of Economic and Industrial Studies, which works closely with SEB, the Council of Greek Industrialists, stressed that "The free establishment of foreign industrial companies in Greece is likely to cause severe problems of competition for the products of certain branches. . . ." Among the branches listed are food processing, chemicals, pharmaceuticals and many household goods. The study also expresses fears about the obligatory lifting of non-tariff barriers to trade.

Such fears are one of the factors which caused overall manufacturing investment to decline in 1977—and still to be showing only few signs of recovery. A second factor has been the rise in labour costs and the erosion of profit margins from the very high levels to which industrialists had become accustomed during the junta period. Industrialists have also been complaining at the "social mania" of the Karamanlis Government—even if this has taken only a few steps to correct the scandals of the junta period and to improve the poor safety and abysmal pollution records of Greek industry.

The Government has now prepared a Bill setting out reinforced incentives for industry. One of its aims is to spread industry outside the Athens-Piraeus area where at present three-fifths of industrial employment is concentrated.

Planning

In general, such planning is still at a very early stage. The previous Karamanlis Government tabled the principles of the 1976-80 plan in Parliament in June 1977. This was to be an indicative plan but was immediately described by the opposition spokesman, Mr. Ioannis Pesmazoglou, Finance Minister in the first post-junta government as "a collection of generalities with little relevance to the vital and immediate problems which the Greek people are living through."

The new Karamanlis Government is now elaborating an updated version of the plan for the period 1978-82.

With planning yet to be forged as a weapon, the State continues to rely on its traditional tools to guide the economy. Of these the bluntest is taxation. The 26 per cent share of taxation in total GDP is relatively low compared with levels in the majority of OECD countries, but what is particularly striking is the unbalanced distribution of tax revenue. Despite years of OECD urging 74 per cent of tax revenue still comes from indirect taxes. This division hits the lowest income groups hardest and means that fiscal management of the economy is difficult. Attempts at reform are limited to the introduction of such requirements of EEC membership as VAT.

Equally, tax evasion is rife, particularly among the self-employed. Even the present Minister of Industry, Mr. Miltiades Evert, a former Under Secretary of Finance, believes that it costs the state 25bn drachmas each year.

Such an amount would cover almost half of this year's budget deficit. This deficit, together with price support and subsidies and the losses of state trading enterprises, was equal last year to slightly over 6 per cent of GNP, according to the IMF. This deficit was as usual largely financed by obliging the banks to buy Treasury bills — a practice criticised by the IMF not least since "financing of the budgetary deficit has contributed to monetary expansion. . . ."

Such policies and the inevitable inflationary impact of emigrants' remittances and tourism and shipping earnings mean that inflation is hard to tackle in Greece. In theory the state should be in a good position to hold back credit in that it has control over banks responsible for four-fifths of commercial banking activity.

But in practice the central bank can find itself at odds with both the Government and the banks, which it regulates through the Currency Committee. Professor Zolotas has complained of the banks relaxing the criteria applied in selecting loans, and credit expansion to the private sector appears to be running closer to 25 per cent than the 20 per cent set as the official target.

However, the Minister responsible for handling Greece's entry to the EEC, Mr. Georgios Kontogeorgis, believes that the process of adapting Greece is going smoothly. He says that by the end of this year all the points requiring future action by the Greek authorities will have been identified. 1979 is to be the year when the structure and tools of administration are to be changed. He argues that while some sectors such as agriculture are bound to provide complications the problems are being overcome. One of the changes in hand is the establishment of a foreign exchange market in which the commercial banks will be able to deal.

David Tonge

Foreign affairs

GREECE HAS always had the problem of just how forceful and independent a foreign policy a small country can follow. Since the Second World War governments have sought to answer this question by linking Greece's fate with that of the West. But Greece's partial withdrawal from the military wing of NATO in August 1974 reflected the widespread resentment at an alliance which, in Cyprus, had failed to prevent two of its members from clashing. Now, as the Prime Minister, Mr. Constantine Karamanlis, seeks to repair Greece's ties with NATO and to institutionalise its economic and political links with Western Europe through membership of the EEC, the public debate on the future alignment of Greece is again becoming acute. PASOK, the main opposition party, is calling on Greece to follow the examples of, say, Sweden, Austria or Malta. The Communist Party of Greece would like to see Greece look to the Eastern bloc.

Such debate takes place against the stormy background of Greece's disputes with Turkey. These are at present one of the determining factors in Greek public life—and yet the level of public information is not high. There is not one Greek journalist based in Ankara and most of the news reaches Greece through official channels. The picture the newspapers give is consistently one of a troubled, backward and impoverished neighbour liable to seek external adventures to divert attention from its domestic problems.

While public feelings run high, in government circles too there is grave concern for the future. To the West the Prime Minister, Mr. Bulent Ecevit, may be the Turkish politician most likely to be able to progress the Cyprus dispute towards a settlement, but the Greeks remember him for presiding over the Turkish occupation of 37 per cent. of the island. There is disappointment that the Turkish side's proposals on Cyprus made in March were insufficient to allow President Spiros Kiprianou to favour a reconvening of the intercommunal talks. And there is a sceptical approach to the genuinely aggrieved protestations of the Turkish side that their proposals were only a beginning and are negotiable.

Arguably the Cyprus dispute is unlikely to flare up and, by itself, again bring the two NATO allies to the threshold of war. But it is a running sore which makes more difficult any attempt to tackle the dispute which now has more potential for conflict, the Aegean.

Here the two countries are at odds over air, sea and land—albeit only land under the sea. The continuing quarrel over delimitation of Flight Information Regions means that the Aegean remains closed to international air traffic. Where the sea is concerned, there is a potential problem over the limits of territorial waters. At present Greece's territorial waters are set at six miles. The Turks are worried that Greece might extend the limit to twelve miles. This would, they say, effectively cut the sea links between ports such as Izmir and the rest of Turkey. For them this would be, they have told the Greeks, a cause for war.

Access

The Soviet Union, which is also concerned with access from the Black Sea through the Aegean, has itself stressed the need for the Aegean to remain open. Asked about Greek intentions, the Greek Minister of Defence, Mr. Evangelos Averof - Tossitsa, stresses: "In whatever case arises the communications of any ships under whatever flag between the Dardanelles and whatever port south of them will be respected by Greece and will always be free. The Aegean has many Greek islands which have rights defined by international law but at the same time the Aegean is an international seaway and under all circumstances this will be respected by Greece."

As for the seabed, the Greeks cite international conventions which stipulate that islands generate rights over their continental shelves. The Turks, basing their arguments on equity, counter that the Anatolian land mass is more important in this respect than the islands off its coast.

The arguments on such subjects are highly complex and perhaps less important than the underlying fears of the two putative allies. Turkey is concerned that the Greeks may seek to use the islands as a wall to block in the Turks. It also argues that the dispositions made by NATO at the height of the cold war—Turkey being allocated the Black Sea and Greece being allocated much of the Aegean—need reconsidering.

For its part, Greece has the nightmare that, if its outlying islands should become surrounded by a zone of exclusive Turkish military and economic influence, they would wither and drop into Turkish hands.

The Government suggestions that the problems of the air and seabed should be put in the hands of independent bodies have been rejected by Turkey. In March the Prime Ministers of the two countries finally met but the dialogue they sought to start has yet to become one of substance. The next step is a meeting in Ankara in July between the Secretaries General of the two countries' Foreign Ministries—perhaps too high a level to enter into the technical details and too low to find political solutions.

Greek proposals for a non-aggression pact has just been revived.

The U.S. has valuable bases on the Greek mainland and in particular on Crete—an island which potentially controls all sea exits south from the Aegean. But for NATO and the Warsaw Pact, Turkey is strategically the more important and the more unpredictable. One senior assistant to Mr. Karamanlis, when asked if Greece might consider following Turkey's example of gently flirting with the USSR, replied: "But Moscow looks on us as a second-rate country." And the suggestion that Greece might follow Mr. Papandreou's calls for a more non-aligned policy is countered with the question of "How many battalions does the Third World have?"

In fact, under Mr. Karamanlis, Greece has made some opening to the Arabs and has initiated greater inter-co-operation in the Balkans. In a belated response to detente it is also about to send its Foreign Minister, Mr. George Rallis, to Moscow—the first such visit by a Greek Foreign Minister since the Second World War.

But its emphasis has been on tackling its problems within the framework of the UN and in particular of the institutions of the West. The U.S. Administration's attempts to persuade Congress to repeal its arms embargo on Turkey have not helped the government's pro-west policy. But it has made a number of steps towards repairing its military links with NATO. It is seeking the establishment of a Greek command post in Larissa or Salonika directly linked to the NATO headquarters in Naples. This would parallel the arrangements between Turkey and the alliance which come into effect on July 1. The Greeks complain that Turkey is filibustering their attempts to complete such a process.

However, the opposition sees NATO as being at the root of many of Greece's problems, and in particular as being responsible for the junta and the Cyprus debacle. Mr. Papandreou is also arguing that the EEC is little more than the economic arm of NATO and is serving notice that he contests the idea of Greece becoming the tenth member of the Nine.

For its part the Government is pressing ahead with seeking membership. It hopes this will be by 1980, while the EEC Commissioner responsible for enlargement of the Community, Sig. Lorenzo Natali, talks of "the entry of Greece being realised by 1981."

Motives

The Government's motives are as much political as economic — the belief that membership will help preserve democracy in Greece and, though this is unspoken, reduce the chances of conflict with Turkey. As such there is a tendency to underestimate the major economic consequences which entry will have, particularly for the small holders and small manufacturing units which form the basis of the Greek economy.

While negotiations now appear to be going smoothly, some pro-Marketeers stress concern at the way that statements of political will by the Community for the accession of Greece are regularly accompanied by gestures in support of Turkey. It is of course a difficult balance which the Community has to strike but the anti-Marketeers are on the look out for any indication that the price of Greece's accession to the EEC is that it makes compromises to Turkey.

Mr. Papandreou's party continues to oppose full or associate membership and to press for an agreement with the EEC which relates to groups of products, which would have strict investment terms and which would allow Athens control over the movement of commodities and capital. Should there be a referendum on this? The Government says no, with the Minister handling EEC affairs, Mr. Georgios Kontogeorgis, saying that in view of the debate on the EEC in the last elections "to some extent we feel we can treat these as a referendum." But the debate is not yet over, and it is a wary eye with which the EEC follows the heated world of Greek politics.

D.T.

BASIC STATISTICS	
Area (square miles)	50,944
Population	9.17m
GNP (1976)	Dr 779.2bn
Per capita	Dr 84,973
Trade (1976)	
Imports	Dr 221.8bn
Exports	Dr 139.5bn
Imports from UK	£149.2bn
Exports to UK	£64.6bn
Trade (1977)	
Imports from UK	£220.4m
Exports to UK	£95.6m
Currency: drachma, £1=Dr 68.28	

Approaching the EEC

DESPITE hurdles to be overcome with regard to agriculture, the Greeks remain confident that by (or at least during 1980) the country will become the tenth member of the European Community.

The political will of the nine governments to see a southward expansion, through the accession of Greece, Spain and Portugal, is regarded as having been stated too unequivocally for there now to be any question of turning back on economic grounds. But whether the Greek target of completing the substantive negotiations—the hard bargaining—by the end of this year will finally prove feasible is something else.

The Greek timetable, vigorously promoted by Premier Constantine Karamanlis during visits this year to the capitals of all EEC countries except Ireland, would have the negotiations wrapped up by the end of this year. Thus, 1979 could be devoted to ratification of the accession treaty by the parliaments of the Nine and of Greece, with full membership dating from 1980.

While this has not been ruled out by the heads of government with whom the Greek Premier conferred or by the EEC Commission itself—and in Athens the Co-ordination Ministry is still describing the timetable as "entirely pragmatic"—there is a persistent area of doubt over the agricultural sector.

However, a vital step forward was taken last month when the EEC farm ministers managed to reach general agreement on the complex problem of a Mediterranean agricultural policy. According to a well-informed Athens source, this should make it possible for the EEC Council to give the Commission a mandate for the agricultural negotiations with Greece before Brussels "closes" for the summer holidays. Had this not been done, there would have been little hope of finishing the negotiations this year.

A two-volume "communication" on Mediterranean agriculture from the EEC Commission to the Council of Ministers, dated December 1977 and January 1978 basically concerns the Mezzogiorno region of Italy and Corsica and the Languedoc and Midi Pyrénées districts of France, but is inextricably bound up with the problem of eventual Greek, Spanish and Portuguese membership.

Noting that the EEC per capita GNP is $2\frac{1}{2}$ times higher than that of the Mezzogiorno, while the agricultural labour force in Corsica-Languedoc Midi Pyrénées is 50 per cent higher than the EEC average, the "communication" observes: "A southward enlargement of the Community is likely to aggravate the development problems of these regions."

A serious imbalance in Mediterranean agriculture, the Commission says, is illustrated by the excessive proportion of labour involved in this sector, low labour productivity, the inadequate size of holdings, low incomes and significant underemployment.

These strictures could certainly be applied equally to Greece. In fact, the Commission itself has described Greek agriculture as presenting "a more serious structural problem than those prevailing in any member state." Farm holdings, it noted, which are generally small, are typically fragmented into unconnected plots: this in turn impedes the adoption of modern technology. Also, these difficulties are aggravated by the absence of appropriate marketing facilities and, in particular, an insufficiently developed network of co-operatives.

However, the Athens source noted, the point is that the complex package of measures proposed for the existing "Mediterranean regions" of the EEC are to be adopted first, so as to form the basis of the EEC position in the negotiations on expansion southwards.

The old Athens argument that this country's agricultural product will "complement" those of the EEC is rarely heard these days. Too many of them are clearly competitive, especially olive oil, fresh and processed fruits, vegetables and wines. Instead, it is now maintained—with some support from the Commission—that the *quantities* involved are relatively unimportant on an EEC scale.

But this certainly does not apply to Spain and Portugal. And although Greece appears to have won the battle to have its application dealt with separately and first, in the agricultural sector at least the EEC will inevitably be thinking also of Spain and Portgual while negotiating with Greece.

Bargaining

If hard bargaining does lie ahead, it will occur at a time when Greek agriculture is far from satisfactory. Output is stated by Bank of Greece Governor Xenophon Zolotas to have fallen by 4.9 per cent last year, following a reduction of 2 per cent in 1976. And while this is attributed mainly to bad weather, structural problems are said to have played an inhibiting role.

A National Bank of Greece report, after putting the main blame on the weather, refers also to "difficulties encountered in the effort to restructure agriculture"—basically a matter of switching to high-yield crops, promoting land consolidation, increasing the size of farm units and improving the processing and marketing of agricultural products.

The two reports, taken together, leave little doubt that progress in this direction so far is rather less than had been hoped for. While the agricultural negotiations have yet to begin, the ground covered in other sectors is viewed as satisfactory in Athens.

The Coordination Ministry says the negotiations are "on schedule" and no "disagreements" have arisen, as distinct from a number of "pending points" still to be resolved in those sectors, including Customs union, external relations and the free movement of capital.

Unofficial sources say these points largely concern which EEC regulations should be applied by Greece immediately on accession and which should be put into force progressively during the transition period, which the Greeks insist should not be longer then five years.

Full and immediate application of the principle of free movement of capital, for example, would disrupt the Greek payments balance. Thus, the freeing of direct investments by residents of Greece in EEC member states will have to be done in stages during the transition period. The same will apply to the repatriation of the product of liquidation of direct investments in Greece by residents of other EEC member countries, and the freeing of blocked accounts.

Cited as an example of a "pending point" is the question whether the product of liquidation of an asset in Greece should be regarded as wholly or only partly exportable—a subject that acquires importance in view of soaring real estate values in Greece.

However, while it is not envisaged that all points of this nature can be settled by the end

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Shipowners in a cautious mood

FEW COUNTRIES shipowners have relied so heavily on the principle of the freedom of the seas as Greece's, but now the Greeks too are reluctantly accepting the reality that henceforth they will be subject to increasing limitations both at home and abroad.

In part this is a consequence of the present shipping crisis. The effects of this are only too evident in Greece itself, where lines of rusting ships lie at anchor in the sheltered bays near Piraeus. So far the only Greek owner to be hit severely is Mr. Minos Colocotronis, but one leading owner says that if freights do not recover this year other owners could also be in trouble.

The recent market improvement because of grain shipments could be only temporary, he warns. At present up to one-tenth of Greek shipping is laid up. Attempts by a body of owners headed by the President of the Union of Greek Shipowners, Mr. Anthony Chandris, to establish a voluntary dry cargo lay-up scheme have so far had little success; the Greeks had hoped to co-operate with Scandinavian and Hong Kong owners.

Greek owners have been particularly concerned about how to preserve their share of cargos in a world of increasing flag discrimination over cargo allocation. As specialists in cross trading—that is when the cargo is carried in a ship belonging to neither the exporting nor importing nation—the Greeks are particularly vulnerable to the effects of such proposals as UNCTAD's Liner Code.

This code sets out to establish the principle of 40:40:20, in other words ships from the exporting and importing country each taking 40 per cent of any cargo generated with only 20 per cent going to cross traders. The possibility that membership of the EEC could protect Greece from some of the worst consequences of such an accord seem to have persuaded many Greek shipowners that they would be better off within the Community—and the sooner they were in the more they would be able to influence any policy the Community might develop.

The EEC Commission originally rapped West Germany, Belgium and France on the knuckles for signing the UNCTAD Liner Code. But in recent years the Commission has moved significantly towards breaching the articles of the Treaty of Rome which excluded the maritime sector from any common transport policy.

The danger for the Greeks is that the EEC position on the Code is likely to be strongly influenced by powerful pro-Code tendencies within the Community. The Transport Ministers of the Nine are due to discuss the Code within the next few days. Britain is the key critic of the Code and is seeking a cargo-allocation formula which will limit the Code's effects to trade with developing countries.

Majority

While the shipowners are not completely of one mind, the majority view, expressed by the Union of Greek Shipowners in a memorandum to the Government this spring, favours membership of the EEC even although it argues that the Government is conceding more than is strictly required by the Treaty of Rome on such matters as Greek-flag registry and coastal navigation rights. Also, it writes, there is "the danger of an exodus of Greek seamen to the fleets of Community Member states." This follows the higher wages paid on the ships of the Nine; the Union hopes that the problems of finding lower-deck crews will be solved by bilateral agreements with developing countries.

Such hopes from the EEC partly explain the continued buoyancy of the Greek-registered fleet. In the year to July 1 1977, this rose by 4.5m grt to reach 29.5m grt. This puts Greece fourth behind Liberia, Japan and the UK in the world league table and means its tonnage is equivalent to 39 per cent of that of the Nine.

This growth has considerably strained the resources of the Ministry of Merchant Marine, whose registration procedure is cumbersome and slow, and whose staff, like its training schools, come under military style discipline, and may suddenly be switched from acting as harbour masters to representing Greece in complex international discussions.

However, the age profile of the Greek fleet remains poor, and its loss record distressing. Britain, Japan and Norway all have 78 per cent or more of their tonnage aged under 10 years and no more than 3 per cent aged 20 years or more. But for Greece the figures are 43 per cent and 18 per cent. Worse, in both 1975 and 1976 ships under Greek flag accounted for about 7 per cent of world tonnage but were responsible for one-fifth of world losses. If to such figures are added Greek-owned ships such as the Argo Merchant, then in 1976 Greek-owned shipping can claim a striking one-half of world losses.

Accession to the EEC will require Greece to adopt stricter safety regulations. Already last month the Minister of Merchant Marine, Mr. Emmanuel Kefalogiannis, announced various measures to improve matters.

The Minister was hopeful that the Memorandum of Understanding signed by eight northern European nations including Britain which provides for general surveillance of ocean-going vessels calling at the eight would produce good results. However, it is only two months since the Minister also announced a six-month extension of deadline for ships which had failed to meet the January 1, 1978 deadline announced four years ago for the installation of high-frequency single side band (SSB) radio telephone communications between ship and shore.

Where pollution is concerned, Greece stiffened its legislation in January to bring it into line with recent conventions by the UN body IMCO, the Inter-governmental Maritime Consultative Organisation. It is also setting up regional anti-pollution stations to deal with what has long been a major problem in Greece, as the tar begriming so many Greek beaches bears witness. Greek owners complain that most Greek ports lack suitable slops receiving stations but are being warned that by next year, on-board anti-pollution equipment will be necessary.

Net shipping receipts, which include remittances of savings by Greek seamen, totalled $972m in 1977 and covered one-quarter of the country's trade deficit. However, the OECD has calculated that in the past the contribution of shipping to Greek GNP has been less than would have been expected given the tonnage of Greek shipping. This point was taken up earlier this year by the opposition leader, Mr. Andreas Papandreou, when he told various Greek shipowners that his party's priority was to boost invisible earnings from shipping and noted that in the past these "had not grown in proportion to the huge growth in our merchant fleet."

He also stressed the need to improve wages and working conditions afloat, though modified his party's pre-election stand in that he said there was no question of nationalising Greece's smaller shipyards. He was less precise over his aims for the larger yards.

One unusual development in the individualistic world of Greek shipowners has been pooling of resources by five companies in an effort to cut costs. The resulting consortium, the Hellenic Maritime Consortium, controls over 100 vessels and has apparently received several other applications for membership. But the yards have been going through a difficult period.

Plans

In March, the Neorion Shipyards on the Island of Syros operated by the N. J. Goulandris group closed its gates and laid off more than 1,000 workers. While the Government seems prepared to reopen these yards itself as a last resort, it is waiting to see the results of the interest shown first by the Greek owner Polemis, and now by a Dutch company and Clydedocks of Glasgow. In the meantime three smaller yards in the Piraeus area are reported to be on the verge of closing.

Various plans for new yards have been shelved. These include the $135m yard planned by the Karageorgis group in the historic Bay of Navarino and the $57m. yard planned by shipowner Captain Nikoalos Papalios in north-west Crete. Both yards had run into strong objections from conservationists worried at the progressive spoiling of Greece's coast.

By a Correspondent

EEC

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of the year, neither is it anticipated that they can be permitted to slow the momentum of the negotiations. Numerous details, a Coordination Ministry official said—citing particularly matters concerning Greece's relations with third countries—could be left for finalisation during the ratification process, or possibly even later.

In the meantime, a more systematic campaign has been launched this year to persuade the Greeks generally, and the farmers in particular, of the benefits that will follow EEC membership and, conversely, of the dangers that would result from staying "outside Europe."

Campaign

In a sense the campaign is not strictly necessary, since elections are not due for another three years and the government has more than enough votes to push any accession treaty through the present Parliament. But there have been persistent reports here that the government may not finally be able, to avoid a referendum on membership. If one had to be held, the farm vote would be decisive.

The industrialists, for all the initial difficulties they will face, are adamant in their support of membership; they point out that, anyway, tariff barriers are due to be completely dismantled by 1984 under the existing Greece-EEC association agreement, and that this date more or less coincides with the likely end of the transitional period.

Shipowners are in favour because they want Greece to have a weightier voice in deliberations on shipping matters, and say they are even ready to face the "flight" of Greek crews to the fleets of other EEC members that would probably follow application of the freedom of installation principle to the merchant marine.

Apart from a degree of unhappiness among certain professional organisations, EEC membership is opposed on ideological grounds only by the Panhellenic Socialist Movement of Mr. Andreas Papandreou and one of the two rival Greek Communist Parties. Even if these two groupings held the support in the cities that they received in last year's general elections, when the EEC was never a main issue, the Government would still win a membership referendum hands down provided the farm vote stayed solid—though there is some rural anxiety about the EEC.

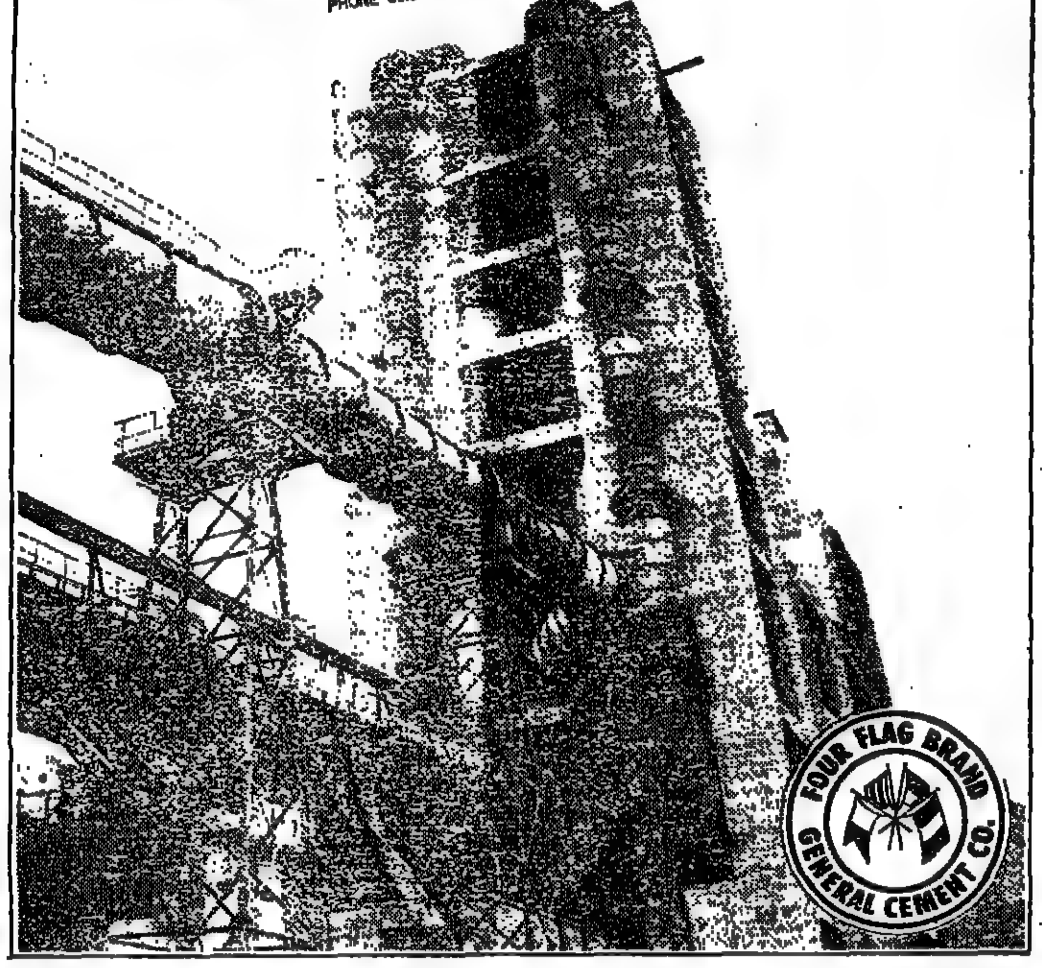
Mr. Karamanlis has made his own position crystal clear: the decision to seek full EEC membership "reflects the faith of the Greek people and its leadership in the concept of a united Europe."

Greece, he told a farmers' conference earlier this year, had a choice. It could safeguard its interests and national independence, and its democratic system, through equal participation in a family of democratic European nations moving slowly but steadily in the direction of unification. Or it could follow "a so-called 'independent' policy that leads to isolation, economic stagnation and incalculable foreign dangers."

Returning from his latest tour of EEC countries, Mr. Karamanlis declared that there was now "not just hope but actual certainty" that in two years Greece would be the tenth member of the EEC.

A policy initiated in 1960 with the association treaty, he said, was now nearing its vindication in full membership. "Unless I had been certain that it was a matter involving the future of the nation, I would not have persisted for 18 years in this course towards Europe."

By a Correspondent



Labour relations

THIS MONTH Greece embarks on a crucial experiment aiming to replace confrontation by consensus in the field of labour relations. Following EEC urging, the Council for Social and Economic Policy is to start work. Grouping employers, unions, agricultural and professional organisations and representatives of the State, its first meeting is to take up the problem of inflation.

The importance of the experiment comes from the poor present state of labour relations in Greece. During the 1967-74 dictatorship strikes were banned, but since then the workers have been increasingly flexing their muscles. In 1977, 9.5m man-hours were lost in 500 strikes over wage demands or because of accumulated mistrust. This year has seen one 24-hour general strike, numerous plant disputes and several long-term strikes by groups including railwaymen and university staff. Frequently the police are brought in, with clashes often occurring. But this year at least the Government has not had the recourse which it had last year to telling strikers they had been drafted because of "national emergency," and that if they continued striking they would be subject to military discipline: in law Greeks are still subject to the junta's general mobilisation for Cyprus of 1974.

Concern

The International Labour Organisation (ILO) has expressed concern at certain aspects of recent Greek labour legislation. Its latest mission to Greece is known to have been disturbed at working conditions, particularly in the small units which provide the bulk of employment in manufacturing; at the inadequacy of safety controls; and at the considerable degree of State influence over the finances of the labour movement.

Critical to this is the whole question of building an independent union movement in Greece. Long years of continuous Government interventions in Greek unions have left their mark. European unionists say that the Greek labour movement "is today fighting the same battles for free and autonomous unions which we fought decades ago."

Such issues take place against a background of apparently low unemployment. The officially registered unemployed total a mere 2 per cent of the non-agricultural labour force. But in this sector, as in many others, Greek statistics are poor. Last year the OECD estimated that only about one-third of unemployment was recorded. Official figures exclude many young people. Underemployment is a major problem. Left-wing unionists estimated that the unemployed and semi-employed total 10 per cent of the labour force.

The National Bank of Greece recently received 13,000 applications for 480 jobs. The level of unemployment appears to have been relatively steady in the past three years. In part this is because the available labour force has only been growing slowly. There has been a reduction in the rate of growth of population and an increase in the number of young people attending school and higher education. There has also been a steady increase in industrial employment; in the year to November, 1977, this rose by 4.2 per cent. These factors, and the reduction in the number of people migrating to the cities, have outweighed the effects of the reversal of the migration flow. In the 15 years to 1973 800,000 Greeks, or nearly one-quarter of the labour force, emigrated abroad. In the past three years there has been a small net inflow of workers.

Fears that further slow growth in Western Europe could lead more workers to return are largely discounted in Athens. Many of the men who returned were over 60, and the OECD reports that a large proportion of the women who came back did not seek work.

However, a survey in Athens last year found that four-fifths of the men questioned had obtained jobs but that the women were often hindered by the lack of facilities such as creches. The survey also found that a half of those who returned to Greece wished to re-emigrate. Their complaints included conditions of work and the lack of full social insurance in Greece.

Unemployment benefits, for instance, are limited, and government retraining programmes are criticised by both personnel managers and employees for being limited in scale and efficiency.

Each year the Government concludes a general agreement with the GSEE (The Greek TUC) on the increase in the minimum daily wage. This in effect establishes a general guideline which is particularly important given the large number of workers employed in small manufacturing units and not covered by unions.

It is through wage policy that the Government has mainly tried to tackle the inflation plaguing the Greek economy. However, the annual negotiations have led to serious confrontation between the Government and the GSEE. The leadership of this was originally appointed by the Government and, though since elected, is under continuing pressure from the base.

Earnings

In such circumstances the introduction of any British-style "social contract" into Greece is virtually inconceivable, as is a parity commission similar to the successful Austrian practice. Instead, after the annual confrontation, which this year saw a one-day general strike in March, individual unions negotiate their own increases.

The Governor of the Bank of Greece, Professor Xenophon Zolotas, says that in the period January to September 1977, monthly earnings in manufacturing plants employing more than ten people rose by 19.9 per cent and monthly earnings in retail trade rose by 20.7 per cent. A confidential report by advisers to the Bnk of Greece shows that wages and salaries rose 25.3 per cent in 1976, and 20.6 per cent last year; if forecasts they will rise 21 per cent this year.

The banning of strikes during the junta period was accompanied by a pronounced shift in incomes away from labour and capital to mixed incomes. The OECD writes that, even though the weight of salaried employment outside agriculture has increased (from 28 to nearly 40 per cent between 1961 and 1971), its share in income has risen very little. It adds that profit levels seem to have been very high in the years until 1973 and the subsequent increases in wages have to some extent "reflected a belated catch-up on the earlier distortion."

Industrialists, however, have been increasingly disturbed by the post-junta emergence of labour pressures. Apart from being concerned with wages, these pressures have also been directed against the length of the working week and working conditions.

While the EEC is seeking to have the 40-hour week established as the norm, in Greece it was only in 1975 that the first steps were taken to reduce the working week for industrial employees from 48 to 45 hours; for civil servants the week has long averaged 37.5 hours.

An unpublished report by KEPE, the State Centre for Planning and Economic Research, estimates that between 1970 and 1976 the hours worked in industrial units employing more than ten workers fell from 44.6 per cent to 42.6. These figures include overtime, but while showing the downward trend seem to underestimate the actual burden on workers. In practice overtime is often compulsory and the working week is relatively long. The six-day week is still the norm: Only a few strong unions, such as that of the bank employees, have had this reduced to five days.

As an example of the attitudes towards reducing the working week prevailing in official circles, the KEPE report is instructive. It suggests that the state, the Church and other groups must work to prevent the emergence of "psychological and social problems and help workers, in particular those on low income, to make good use of their two days off for spiritual development, sport, education, etc."

Where working conditions are concerned, the ILO is known to be disturbed, particularly at the absence of any effective inspection mechanism. Each year between 90 and 120 people died in factory accidents and some 45,000 people covered by social insurance are wounded. The ILO fears that as factories spread in areas with no industrial tradition the accident toll could rise. It is particularly concerned at the conditions in the small units which make up the backbone of Greek industry.

Mr. Nikolaos Papageorgiou, head of the GSEE, complains that until now safety regulations have not been enforced. The Ministry of Labour last year doubled the number of its factory inspectors, but the ILO team recently in Greece was struck by the way that not one factory it saw employed a doctor.

It also believes that the Ministry does not yet have technical safety personnel with the right qualifications, although there are hopes that a new bill being prepared will help to improve this situation.

Persistence

The persistence of such problems reflects the way that the Greek trades union movement has long been the weakest in parliamentary Europe. For long years its leadership has depended more on the goodwill of the Government and the labour section of the security police than on workers' support. When the Colonels came to power in 1967 they closed down over 100 unions and arrested their leaders, the head of the GSEE sent them a telegram of congratulations.

Today the leadership appointed after the collapse of the junta remains in power, its appointment confirmed by elections. But the honesty of these elections has been challenged by both moderate and left-wing unionists, who have filed frequent complaints to the ILO.

Their complaints cover a range of practices which "it has taken decades of practice for them to perfect," or so claim even moderate unionists.

But the result has been that the European Trades Union Confederation initially considered refusing to accept the GSEE as a full member "until this has established itself on more fully democratic lines and has established more independence from the State," according to one ETUC official. Finally the ETUC, like other West European bodies, decided to accept the GSEE and to try to assist in the rebuilding of the Greek trades union movement.

Mr. Papageorgiou describes his problem as being to stop Government interference from one side and party interference from the other. The opposition parties support the different labour groupings into which workers are divided. The largest of these is ESAK, which has the backing of the Communist Party of Greece.

Problem

One major problem for trades unionists is the huge number of separate and often competing unions. Mr. Papageorgiou argues that the 3,500 separate unions can only consolidate if members of those not officially recognised join those which are. But ESAK, for instance, dismisses many of the recognised unions as unrepresentative "rubber stamp unions" which are far smaller than the non-official unions. Militating against change is the way that financing of the Greek labour movement passes through the hands of the Ministry of Labour, and only unions recognised by the GSEE receive funds.

The ILO and the International Confederation of Free Trades Unions has long pressed for changes in this system. Last year the Government passed a law confirming the present system, although it claimed it gave priority to encouraging unions and employers to make other arrangements such as the check off system.

An earlier law governing unions led to some 400,000 workers coming out in protest. The Government said the law protected trade unionists. However, an estimated 250 workers were soon dismissed for apparent trades union activities, and the courts are not known for their sympathy for labour activists. In 1976 one court ruled that an employer was justified in dismissing 20 workers who had set up a plant union as they had failed to notify the employer of their plans.

Such policies have long been criticised by Western labour experts as polarising the labour scene, but this summer these critics have found some unexpected allies. Even the personnel directors of major Greek companies are now arguing that it is the Government's own interventions which have impeded the growth of moderate trade unionism and have helped the militants.

D.T.

Stimulus to industry

GREEK INDUTRIALISTS believe that, in the long run, the country's accession to the Common Market will be mutually beneficial to both Greece and the Community. This view was expressed by leading representatives of the Federation of Greek Industries at a recent meeting of the mixed Greece-EEC Parliamentary Committee in Salonica.

The Federation, in particular, has sought to allay Community fears that the development of certain industrial sectors in Greece will create competitive conditions for similar sectors already facing problems in the Common Market. For instance, the Greek textile industry exports mainly cotton piece goods, made entirely of Greek cotton. As such, it can only be complimentary, rather than competitive, to corresponding Community industries. The Greek shoe industry, too, represents a small percentage of EEC output; besides, it seeks to cover the ground among traditional labour-intensive sectors reportedly being gradually abandoned by developed economies of Western Europe in favour of high-technology sectors. Similarly, the Greek iron and steel industry is relatively very small and caters to the local market, presenting no serious competition to the EEC giants. Finally, the Greek shipbuilding industry is engaged mainly with ship-repairs at present and relies on the country's important merchant marine. As such, it cannot add to the problems already faced by West European shipbuilders; on the contrary, Greek accession, by bringing the Greek merchant navy to the EEC fold, might even be of benefit to the European shipbuilding industry in general.

The new president of the Federation of Greek Industries, Mr. Dimitris Kyriazis, said in a speech recently that the country's rapid-rate development can only be attained by private initiative, amidst local and foreign competition and free market mechanisms. No centralised, bureaucratic state mechanism, he said, is in a position to make the economy function more profitably than private enterprise.

Mr. Kyriazis listed these problems facing the economy in general and industry in particular: inflation, low investments, slow rate of increase of exports, low productivity and an over-sized public sector. These problems, he said, could be successfully tackled if proper policies were adopted for expansion of basic productive sectors, promotion of exports, increased productivity and improved public services. The industrialists, he added, were aware of their responsibility to increase productivity and undertake, in co-operation with the Government, the readjustments necessary as a result of accession, particularly in regard to modernisation, reduction of costs and revision of the tax structure.

Friendlier

Meanwhile, the new Minister of Co-ordination, Mr. Constantine Mitsotakis, is establishing friendlier relations with industrialists. One of his predecessors had at one time been accused by industrialists of "socialmania." The new Minister has expressed himself in favour of private enterprise and made it clear that the state does not plan to extend its control over the economy. In fact, he suggested that this control might even be relaxed in future in certain fields, such as by handing over to private ownership certain industries now controlled by public agencies.

The Bank of Greece annual report revealed recently that after two years of relatively rapid recovery, industrial production (as well as new investments) slowed down appreciably in 1977. Manufacturing output, in particular, grew by only 1.5 per cent, compared with 10.6 per cent in 1976. A decline in output was mainly noted in industries which had achieved a remarkable export performance in previous years, like basic metallurgy and textiles. The weakening in foreign demand is believed to have played a leading role in slowing down output growth.

The slackening of investment activity, which coincided with the expiration of previously existing legislation governing incentives, led to a wide-scale revision of the entire incentives system earlier this year,

CONTINUED ON NEXT PAGE

Oil exploration

IF EVERYTHING goes well, the first Greek oil will start gushing forth early in 1981. Although it will not make overnight oil sheikhs of the Greeks as theatre revues depict, it will help alleviate a heavy oil imports bill, which last year reached $775m, accounting for 12 per cent of Greece's total imports.

Prinos, the petroliferous basin in the offshore area of the North Aegean sea discovered by a foreign consortium late in 1973, had originally held out the prospect of self-sufficiency in oil and petroleum products by the end of this decade. It also sparked the controversial dispute with neighbouring Turkey over territorial rights to the potential mineral riches of the Aegean seabed.

Five years and many drillings later, it has become obvious that the great expectations were not justified. Production from Prinos is now put at 25,000 barrels a day, about half the original estimates. This will cover some 1.25m tons of Greece's needs in crude oil and, at today's prices, save the country over $100m a year in much-needed foreign exchange now spent on oil imports. But it represents only a small part of consumption of petroleum products which is expected to rise from the present 9m tons to about 30m tons by 1987.

Getting the oil out of the Prinos field and exploiting it will require an investment estimated at $180m. The North Aegean Petroleum Company (NAPC), acting as operator of the consortium of four foreign companies led by Denison Mines of Canada, has assigned the job of setting up the facilities to Fluor Corporation of California.

The project, as approved by the Greek State, involves the formation of five miles northwest of the island of Thassos of a man-made island which will carry the main installations for separating the sulphur and extracting gas from the crude delivered to it from four drilling and production offshore platforms to be built around it. The platforms will be connected to the artificial island by bridges and submarine pipelines. About $60m of the cost will be for the drilling of 23 production wells.

By the time all this happens, the Ministry of Industry and Energy should have a fair idea of the amount of oil, if any in other parts of Greece.

Up until the Arab oil-producing countries imposed the steep increase in the prices of oil, the Aegean had remained virtually an uninteresting proposition. Over the years several foreign companies had found traces of oil but decided they were not commercially exploitable at the prices prevailing then. In fact, the oil from Prinos, whose importance was magnified for reason of prestige by the military junta then in power, is rich in sulphur and may have to be exported if it cannot be processed by the existing oil refineries in Greece.

Obvious

From work carried out so far it has become obvious that the Aegean seabed is fragmented because of innumerable geological faults, making exploitation of any oil deposits there difficult if not commercially unsound. Recent drillings and combustion tests by Romanian Rompetrol, which is searching for oil in the Nestos river estuary, north of Thassos, on behalf of the state-controlled Public Petroleum Enterprise (DEP), have shown that the oil shows found at a depth of 13,000 feet are not worth exploiting.

With the Eastern Aegean enmeshed in the Continental shelf delineation issue with Turkey, the Government has turned its attention to the Ionian sea and the Western Peloponnese. DEP has been given Government approval to carry out oil drillings in four regions where there have been encouraging signs of oil deposits and a sum of Drs 360m ($10m) has been allocated from this year's public investments budget for the first stage of the drillings.

Prospecting will cover an area of 3,000 square miles including the regions between the islands of Paxoi and Corfu, between the island of Cephalonia and the Western Peloponnese, off the Peloponnese coast near Katakolon, and on land in the rectangle formed by the towns of Pyrgos, Amalias, Andravida and Katakolon. Unlike Prinos, which is on a contract sharing basis with the Denison consortium, getting something like 30 per cent of the oil, DEP intends to contract foreign firms to carry out the drillings in the Ionian sea on its behalf, as it did with Rompetrol.

In co-operation with Compagnie Generale de Geophysique of France and Geophysical Service Inc of the U.S., DEP has also been carrying out geological and geophysical work on land in eastern and western Greece.

Meanwhile, the Government has stepped up efforts to reduce the dependence on imported oil as a major energy source. The future development programme of the state-controlled Public Power Corporation (PPC) is based on the minimisation of the use of crude oil for electricity and the increased use of lignite and water resources, and also the installation of a 600 MW nuclear plant by 1987.

This year, oil will cover 32.7 per cent of electricity production which will total 19,100 GWH. Lignite will be used for a further 54.7 per cent and water resources for the remaining 12.6 per cent.

By 1987, when electricity production will have grown to an estimated 40,170 GWH, the share of crude oil will have been gradually reduced to 17 per cent, that of lignite will have increased to 70.6 per cent, while water resources will cover 11.4 per cent. The nuclear plant, planned to be on stream late in 1987, will cover just 1 per cent.

For the decade 1978 to 1987, the PPC's programme includes new power stations of a total installed capacity of 5,574 MW. Of these, 3,000 MW will come from 10 lignite-fired stations, 1,974 MW from 21 hydroelectric stations and 600 MW from the nuclear reactor. This programme will require an investment of Drs 157bn ($4.36bn) and the PPC estimates that Drs 87.7bn ($2.44bn) will have to come from internal and external borrowing.

Intensive Government prospecting has vastly increased the known reserves of lignite—which is now economically competitive with oil—to at least 2bn tons, principally located at Ptolemais in Northern Greece and Megalopolis in the Peloponnese. But the PPC estimates that within 30 years the known reserves will have been used up by the power stations it intends to instal to cover the growth in consumption.

Reactors

Mr. Miltiades Evert, the young and aggressive Minister of Industry and Energy, believes that nuclear reactors are the answer to Greece's long-term energy needs. Despite such factors as the escalating costs of nuclear reactors, political and economic difficulties with respect to nuclear fuels, as well as increasing international public opposition to this energy option, his Ministry is forging ahead with plans for the purchase of Greece's first nuclear plant. A foreign company will be called in soon to draw up the specifications of the international tender to be held next year. Meanwhile, the search for the location of possible deposits of uranium in Greece is being intensified following encouraging signs in Epirus, on the western coast.

A shift in the official attitude towards nuclear energy is also discernible in this year's annual report of the National Energy Council (NEC). Nevertheless, alternative energy sources are put forward by the NEC for serious examination. The three main alternatives suggested are imported coal, the significant domestic deposits of peat, and solar energy.

Peat deposits at Philippi, in Macedonia, are sufficiently extensive to fill the energy gap into the next century but, according to present estimates, the cost of large-scale use of peat is prohibitive. In fact a deal with the Soviet Union to construct a 375 MW power plant for the exploitation of the peat fell through early in 1976 after it was thought more advisable to save the peat for use as raw material in the petrochemical industry. The rising cost of alternative energy sources could, however, make peat economically competitive in the future and cause the government to revise its policy.

Mr. Evert says solar energy cannot seriously be expected to cover any of Greece's energy needs in the next decade. When he took over his present post last November he thought he would set a good example by having a solar energy unit installed on the roof to power his ministry. He says the plan was abandoned because of insufficient international technology in this field as yet. But plans are under way for an experiment in which the entire needs of a village in Crete will be supplied by solar energy. The experiment is part of the effort being made by the International Energy Agency (IEA) to test the feasibility of alternative soft energy options.

Preliminary studies have already been carried out on the likely location of the village. These indicate that the choice is suitable and allows agricultural activities able to support the village as an economically viable unit. The household energy needs are to be met wholely through solar energy. In addition, there will be a solar-powered electricity generating plant. Research so far has been funded by the United States which is supplying 75 per cent of the cost, with the remaining 25 per cent coming from the Greek NEC. The actual construction of the village is expected to be financed by various international organisations.

As the time draws closer for Greece to become a full EEC member, Greek policy on crude oil will have to be revised. Government control over crude oil purchases and the freeing of the entire cycle of acquisition of crude, refining and distribution will have to be relinquished. The Ministry of Industry and Energy has asked the EEC for a five-year period of grace, after Greece's accession, in which to adjust present procedure. The proposal is to free 20 per cent of the Greek market in each of the five-years.

N. J. Michaelson

BETTER DAYS FOR GREEK FARMERS IN THE E.E.C.

- Greece's forthcoming entry into the European Community as a full member presages a brighter and happier future for all of the country's inhabitants — the farmers in particular since agriculture is to benefit more than any other sector. With this prospect in view, OGA, which is the Greek acronym for the Agricultural Social Insurance Organisation, is currently examining all the problems and all the measures that will have to be taken to adapt farm insurance to Common Market practices. These measures are intended to assist the government's efforts to transform the Greek farmer, within reasonable time limits, into a small or large entrepreneur as is the case in Western Europe.

- OGA insures farmers and, in general, all those who work and live in small towns and villages of less than 5,000 inhabitants. OGA was established in 1961 and has so far performed an important and extensive task. In order to understand it better, one should realise that before the advent of OGA there was no basic protection for farmers. The elderly were abandoned to their fate. The crippling of a farmer meant unemployment and tragedy for him and his family. Sickness created problems of survival and exploitation and the sale of his property to pay for medical expenses. Damage to his crops could result in penury and destitution. OGA was set up to remedy this situation and constitutes a historic landmark in agricultural development. It provides relief from destitution, assistance to meet reverses and support for the aged. It has eliminated the daily anxieties, the anguish and the uncertainty that prevailed in the past. It has also established confidence and security for the farmer, the stock breeder, the fisherman and all those who live off the land.

- After seventeen years of continuous growth and improvement, OGA today provides:
  a) Old age pensions to 460,000 elderly persons
  b) Pensions to 80,000 people who have been crippled by accident, sickness or from birth
  c) Free medical care to the insured and their families. Some 270,000 persons are treated every year at OGA's expense.
  d) Insurance for all crops without exception against hail, frost, floods and windstorms which are, in Greece, the main weather hazards. To this end, OGA carries out thousands of damage assessments annually and, in 1977, 1.3 million assessments were made for damage by hail and frost alone.
  e) Payment of large-family allowances to farming and urban beneficiaries on behalf of the Ministry of Social Services.

- The cost of the above is a large one. OGA's budget for the current year is estimated at about 15 billion drachmas (£210m.) consisting of 9.3 billion (£133m.) for pensions, 3.2 billion (£46m.) for medical care and 2.2 billion (£31m.) for crop insurance.
It should be stressed that these expenses are 265% higher than they were in 1974. This is indicative of the extent of government efforts to improve the farmer's lot in the postdictatorship period.
It is also important to note that OGA's revenues do not accrue from the farmers themselves but from an added percentage on income tax in general, the taxation of luxury goods, etc. This means that OGA is instrumental in bringing about a shift of the national income from the wealthier to the poorer classes, i.e. the farm population. The farmers do pay a contribution in the form of a tax on the wholesale value of their farm products but this makes up only 20% of OGA's revenues.
It is indeed remarkable that OGA's operations, which cover 2.5 million people or about a quarter of Greece's total population, are handled by a staff of barely 320 and that administrative costs are just over 2% of revenues. This is made possible by modern and computerised methods which can cope efficiently with the insurance of such a large and varied group, each with its own particular problems and scattered throughout the remotest parts of the country.

- OGA has set itself ambitious targets within the guidelines of government policy for the present and future. They are:
  a) To improve and further simplify insurance procedures to provide quicker and more efficient service to the insured and to pensioners. To this end, OGA has launched a campaign (with posters, leaflets, lectures, etc.) to inform all concerned of matters relating to them.
  b) To improve pensions which, although they have increased by 265% in recent years, are still low.
  c) To improve and complement medical care which is a sector that is of particular interest to the government.
  d) To complement the insurance of agricultural products with a system that will prevent damage caused by hail and frost.

Industry

CONTINUED FROM PREVIOUS PAGE

although the relevant legislation still awaits parliamentary approval.

In order to stimulate the modernisation and development of industry, the new incentives scheme provides for direct coverage by the State of part of the cost of fixed investment (up to 50 per cent in certain less developed areas). This sum will be refunded to the State at the rate of regular depreciation of fixed assets two years after the commencement of production. Alternatively, investors in the less developed areas may invite the State to participate in the share capital of the enterprises involved with non-voting common shares and with private shareholders retaining the right to repurchase Government-held stock within ten years. This can be described in effect as an interest-free loan.

Pollution

For the first time, the State may also directly cover part of the cost of fixed investment of industrial and mining enterprises: up to 50 per cent for reduction of environment pollution or establishment of research and development laboratories and up to 35 per cent for reduction of energy consumption.

Small industries and handicrafts can now benefit from greater tax deductions than previously if they are located in the least developed areas. They can also benefit of greater bank credits with State guarantee.

An important innovation of the incentives scheme covers the relocation of skilled labour in the less developed areas. The incentives include priority housing loans after a stay of two years in these areas, a relocation subsidy of up to Drs 30,000, a rent subsidy of Drs 1,500-Drs 3,500 monthly for up to two years, new housing units and transportation facilities for personnel.

Major industrial projects at present under way in Greece include a $640m petrochemicals complex being established by the Government-controlled banking consortium Hellenic Industrial and Mining Investment Company (ELEVME). Estimated to take five years to complete, this complex will centre on an ethylene steam cracker unit with an annual production capacity of 250,000 tons. Other units planned will produce (in tons annually): ammonia 333,300; caustic soda 67,000; chlorine 60,000; low density polyethylene 140,000; high density polyethylene 50,000; polypropylene 50,000; vinyl chloride monomer 90,000; polyvinyl chloride 90,000; pyrolysis gasoline 170,000 and sulphur 13,200. Private Greek or foreign investors in this project have not yet been identified.

Another project co-sponsored by ELEVME and the Bauxites Parnasse Mining Company, is a $250m alumina refinery with an initial annual capacity of 600,000 tons. France's Pechiney, which has its own aluminium plant on the Gulf of Corinth, intends to invest another $100m over the next three years to increase alumina output by another 100,000 tons a year.

Other industrial projects announced in recent months include: a $25m plant by ELEVME to produce 30,000 tons of ferrochrome out of local chromite, a $60m plant by the Hellenic Industrial Development Bank (ETBA) to produce 100,000 tons of asbestos fibres a year, a $30m telecommunications plant by ETBA and the Telecommunications Organisation of Greece (OTE), and $2.5m antibiotics plant by ETBA. Finally, the Hellenic Aerospace Industry is planning (together with Lockheed and General Electric) a $150m aerospace industry initially to maintain and repair Hellenic Air Force aircraft.

N. J. Michaelson

ADVERTISEMENT

NEW DEVELOPMENTS IN THE ELECTRIFICATION OF GREECE

A Broad Expansion Programme up to 1987

The principal factor in the normal course of the country's economic development so far has been the adequate supply of energy.

Large works for the production, transmission and distribution of electrical energy are the expression of a strong electrical economy which is based on the ever growing exploitation of national energy resources.

The Public Power Corporation, which is exclusively responsible for electrification in Greece, has oriented itself towards the construction of hydroelectric and lignite-fired thermoelectric plants as specifically outlined in the 1978-1987 energy programme. Today, the PPC's power stations have a total installed power of about 4,700 MW of which 3,300 MW are produced by local energy sources, i.e. lignite and waterfalls. The installed power of the lignite-fired and hydroelectric units is expected to rise to 8,350 MW by 1987 whereas that of the oil-fired units will remain unchanged.

1977: A STEADY RISE IN THE ELECTRICAL ECONOMY

Electrical energy produced by the hydroelectric, lignite-fired and oil-fired stations during the past year amounted to 17,401 million kilowatt-hours and exceeded the previous year's production by 6.6%.

Of this total figure, 12,086 million kwh, or 69%, were produced by hydroelectric and lignite-fired stations while 5,315 million kwh, or 31%, were covered by oil-fired stations.

This is an important achievement when one considers that 27 years ago, electric power production in Greece was 98% dependent on units fired by imported oil and only 2% dependent on local energy sources.

Electric energy consumption in 1977 amounted to 16,057 million kwh, serving 98.8% of the country's total population. More specifically, consumption amounted to 1,765 kwh per person.

Of this total consumption, 8,562 million kwh, or 54%, were absorbed by industry while the PPC's total revenues from the sale of electric current amounted to $587 million.

The PPC's investments in the energy sector amounted to $250.6 million of which $77.6 million were spent on production works, $27.3 million on transmission works and $139.3 million on distribution works.

Finally, the Corporation's fixed assets, after depreciation, were calculated at $2,258.2 million while total assets in 1977 were more than $2,640.9 million.

THE EXPLOITATION OF LOCAL ENERGY RESOURCES

With the prospect of covering the continually increasing electrical energy requirements of the Greek economy, which from 1978 to 1987 are expected to increase at an average annual rate of 9%, the PPC is seeking to make the most of national energy resources.

Thus, the production of the PPC's inter-connected system is expected to rise from 16,729 million kwh in 1977 to 40,170 million kwh in 1987—a rise of 140% in ten years which should be considered particularly satisfactory for the Greek electrical economy.

More specifically, of this total production of 40,170 million kwh, 32,930 million kwh, or 82%, will derive from waterfalls and lignite and 6,835 million kwh, or 17%, from oil fuel. The remaining 405 million kwh, or 1%, will derive from Greece's first nuclear-powered plant which is expected to go into production in 1987.

THE LIGNITE DEPOSITS

The large power stations to be built during the next ten years will bring lignite to the fore as a major source of electrical energy.

The new lignite-fired stations will make use of the country's lignite deposits which have been assessed at 3,888 million tons of which 2,150 million tons are considered exploitable.

In fact, from 1980 to 1987, the plan is to install in stages and bring into operation ten lignite-fired stations totalling 3,000 MW which, at the end of this period, will have an annual production capacity in the order of 19,000 million kwh. And if everything goes according to schedule, the PPC will have 20 lignite-fired units with a total production of electrical energy amounting to 28,350 million kwh.

Thus, at the end of the current decade, electric current production from lignite will cover 70% of total production or more than was produced last year by the PPC's hydroelectric and lignite-fired stations together.

THE HYDRODYNAMIC POTENTIAL OF RIVERS

With the construction of 21 new hydroelectric units totalling 1,974 MW, the PPC will make use, at a first phase, of the Acheloos, Arachthos and Aliakmon rivers and subsequently, the Nestos, Aoos and Mornos rivers.

With these new stations, hydroelectric power production will amount to an estimated 4,850 million kwh, covering 11.4% of total electric energy production.

It should be noted, however, that this percentage has been calculated on the basis of critical hydrological conditions. In the event of average hydrological conditions, hydroelectric power could cover 15% of production with a proportional reduction in production by the oil-fired stations.

THE NUCLEAR UNIT

The prospects envisaged by the PPC's energy programme from 1978 to 1987 indicate that by the end of the decade, an important part of the country's local energy resources, i.e. lignite and waterfalls, will have been harnessed.

The study and long-term perspectives of the country's energy needs, however, have dictated the inclusion in the development programme of a 600 MW nuclear-powered unit to come into operation in 1987. This unit, for which the PPC has already begun the preparatory work, is expected to produce 405 million kwh at the end of 1987, when it is ready to operate.

LOMBARD

Stonewalling in secret

BY ANTHONY HARRIS

THERE WAS ONCE a cartoon of a civil servant counting cherry stones: "This year. . . In the not too distant future. . . At a time to be announced. . . As soon as conditions return to normal. . ." He was, of course, elaborating the Doctrine of Unripe Time; and he now probably works in the Bank of England. That, at least, would be the current view from Great George Street.

The bank likes to talk of the present impasse in the gilts market as "eyeball to eyeball;" but if this is the case, its officials must be developing an outward squint. They are also eyeball to eyeball with the Treasury on what to do about it. For some weeks now the Treasury has been floating urgent proposals for one new departure or another—new securities better fitted to the market, new ways of selling them, and so on.

Disillusioned

The Treasury is at length becoming almost as disillusioned as some of its critics with the Grand Old Duke of York. Apart from the embarrassing moment when there appears to be no monetary control at all the old fellow is becoming rather costly in terms of real pay. What is more, officials do not enjoy the constant streams of suggestions on strategy from his non-commissioned officers in the broking houses. The time, for once, is ripe—as seen from Great George Street.

Not so, however, in Threadneedle Street. For every proposal put up by the Treasury, the Bank can generate at least 20 sound objections. Impatience is now reaching such a pitch that some senior Treasury officials have been indiscreet enough to voice their feelings in fairly public places. I now know how they feel, because I managed to get into a friendly argument with a Bank official on neutral ground the other day. I managed to bounce a few of the popular nostrums off him in conversation, and in a subsequent meeting jotted down one or two more. He in turn wrote down his blanket answer: "It is wrong to make structural changes to meet a temporary conjunctural problem in the markets."

Apart from the question that is begged here—*temporary* difficulties? — and the one that is evaded—what about structural changes which are needed for their own sake?—this kind of *reasoning* is calculated, and I pick the word carefully, to drive the other half of the act into a state of gibbering rage. Look what it has already done to my sentence construction. Officials who have to read page after page of it day after day must need all the special training and experience they can get to keep on trying at all. Our cricket correspondent clearly has nothing to teach the gentlemen of the Bank.

Now the point of this complaint is not the merits of the case, for we are not told exactly what case it is that is being fought over; it is still less the answers I received, for it is the duty of a Bank official to give a graceful brush-off to impertinent journalists.

The trouble is simply the way the whole thing is being done. High issues of policy are thrashed out in a kind of lunatic diplomacy among officials—more or less open disagreements secretly arrived at. What is much more important, we never will know the issues and the arguments. Even Ministers would have to show uncommon persistence to get anywhere near the truth. Outside the charmed—and currently enraged—circle, really well-informed discussion of important issues is next to impossible. At most, the best-known and best-informed outsiders are invited in to discuss their particular proposals, but they never see the argument whole either.

Monuments

Secrecy of this routinely British kind actually encourages stonewalling, which requires rather a lot of courage to do in public (if the argument were public, our cricket correspondent might be needed after all). Equally, and more important, it encourages second-best solutions. When nothing can be said publicly before D-day, and everything is immutable after it, mistakes are likely to turn into public monuments. The argument about secrecy concerning market-sensitive topics won't really wash, because the City always gets to know that change is in the wind. The argument about frank advice to Ministers won't wash when officials can't agree on the advice. What we need is already well known: hearings at which Bank officials will talk publicly about policy, the publication after a minimal interval of policy minutes—they order these things better in the United States.

Sunlight and silver-leaved plants

GARDENS TODAY

ROBIN LANE FOX

IT SEEMS UNBELIEVABLE, now, that it has been such a dreadful year for plants with silver leaves. The ground is bone dry; droughts loom and there is none of that wet sticky clay which so distresses this popular class of plants. If I had to lay out a new border or brighten up a small garden, these would be high on my shopping list.

If I wanted a quick return, I would use at least a quarter of the space in sunlight for silver leaves. Silver-leaved plants are easily increased and can mostly be planted from pots throughout the summer. Some have elegant shapes to their leaves, the sort of shapes which bad handbooks describe as filigree or the work of nature's very own silversmiths. Do not be deterred. They are a fine background and when repeated, their clumps draw a garden together. The only gain from a bad winter is that I can now look over the survivors and others' reports of them and suggest the varieties which might continue to prove tough in your gardens, too.

Among the bigger ones, I am not alone in thinking Artemisia Lambrook Silver as good as any. Stocks of this sell out quickly every season. They are never abundant as the plant is oddly difficult to propagate: cuttings taken generously in mid-July have had the least bad results with me, a point confirmed by bigger growers. If you see it, buy it. The plant has two phases. Until late June, it is a lovely arching clump of grey-silver leaves, finely cut like an enlarged carrot's.

In July, it bolts into flower, showing the typical tall stems and drab white-grey little dots of flower on other members of the Wormwood family. Cut these off, as they cannot support themselves and they flop far and wide in the first summer rains. You are back, then, with another fresh clump of leaves like a carrot's and so forth. A group of three suffices for a square yard. Well trimmed, it is a splendid companion for clumps of roses, especially the easy old Hybrid Musks which catch no diseases and hardly need to be pruned. Perhaps Lambrook Silver ought always to be given plenty of gravel and stones wherever you plant it. Sharp drainage and poor soil are the silver plants' taste, but this is one which I have never lost in wet weather.

The taller stems and finer leaves of *Artemisia Arborescens* I have now abandoned. However lovely, they are just not hardy. If you want them, hunt for a named variety sold as Faith Raven, chosen because it is tougher. I know two gardens with it and in one, it is still thriving after a cold wet winter. You will be able to buy it from Hadspen House Gardens, Castle Cary, Somerset, now under the spade of a partner in the old Planstmen nursery, itself no longer a retail source. *Arborescens* is the best of the whole family and as a garden plant, this is the most reliable form.

Group two or three under a wall facing south. They are a fine foil for the lovely *Alstromeria*, south-facing plants which have to be backed up as they come and go so soon in mid-July.

At a lower level, *Chrysanthemum Haradjanii* is strong and valuable. Its small leaves are toothed at the edges and soft, like flannel, to the touch. They are ash-white to white, a bold colour on a dry slope, between paving or in front of a dry rose-bed. The flowers are tedious and the stems can soon become bare or browned at the base if you do not trim them back in April each year. Do not throw the trimmings away, as they will all take root very easily. Perhaps good old Lambs Ear, or *Stachys Lanata* is even easier to increase, but there is not much in it. Like Lambs Ear, this nine-inch high chrysanthemum makes a very bright edging at the foot of an evergreen hedge. It smothers all weeds and contrasts strongly with the hedge's greenery. But as with good old Lamb's Ear, you have to leave a bed wide enough for it to spread forwards. It is thoroughly hardy and a sensible buy.

This past fortnight, the bigger and brighter white-flowered anthemis, called cupaniana, has been dominating the top end of my garden. Visitors tell me it has been stealing the show at Wisley too. To some eyes it is an ordinary plant, greyish-green leaves like a small marguerite's and the same big daisy white flowers over mats about six inches high. But sunshine and a dry spell bring out the best in them. It spreads very freely and blocks out all weeds, if you start it off on a clear slope. It does not really root as it spreads, but it is very easily multiplied from long cuttings. A dry stony soil delights it. It is as good a plant as the best Periwinkle on a nasty dry slope on which builders have dumped rubble and passers-by thrown bottles. Public planners, please note. But it likes to be in the sun, not in too heavy a soil.

Finally and most easily, the good old Flower of Jove. You may know my fondness for this already, but its hard magenta-crimson flowers on branching two-foot stems are set off so prettily by the hairy rifts of grey leaves that I can always find a home for many of its endless seedlings. Once you have it, you never lose it. The white form, listed under *Lychnis Flor Jovis*, is perhaps more easily placed. The pink Horts Variety is far more refined. But I still put the brilliant magenta first, mixed with pale yellow or hanging from a wall or rough bank among a good drift of the smart White Valerian. It can be moved at any season. It seeds everywhere. It lightens my July, before the Evening Primrose. Maybe you think it too plain, but it never lets a garden down. Not even last winter nor the least green-fingers can do it to death. If you garden under duress and want colour, then the leaf and flower-head of Flower of Jove from a seed-packet sown now for next year is as a sure a tip as you can be given.

Try Admiral's Launch and Julio Mariner each way

RACING

BY DOMINIC WIGAN

IN ONE of the most open Derbies of all time, one could hardly encourage anyone to have anything more than a small "interest" in today's 198th renewal of the world's most famous race. However, I shall be both surprised and disappointed if an each-way bet on both Admiral's Launch and Julio Mariner gets anyone into difficulties this afternoon.

There are strong grounds for expecting a fine run from each of these fine-looking home-bred colts.

First, Julio Mariner. A particularly handsome full brother to the Oaks winner Juliette Marny this Blakeney colt gave his owner, Captain Marcos Lemos, the first inkling of the idea that a great triumph might one day come when finishing second in the William Hill Futurity race.

There is little doubt in my mind that Julio Mariner would have won on that day at Doncaster, but for his luck in running. A long way behind the leaders until well into the home straight, he began to make useful progress, only to find his passage on the rails hopelessly blocked with less than three furlongs to run.

Switched to the outside of the 12-runner field, a furlong and a half out, he then made almost enough progress—despite hindering his cause through hanging—to peg back Dactylographer. At the line, he was just a neck adrift of the Secretariate colt.

This term, Julio Mariner, whose dam Set Free is a half-sister to the 1,000 Guineas and Oaks runner-up of 1963, has had just one, much-needed outing. Sent to York for the Mecca Dante Stakes, where he struck me as being considerably more backward than any of his opponents, he did exceptionally well in going down by only a length and a half to Shirley Heights.

I shall be disappointed if Julio Mariner fails to turn the tables on Shirley Heights this afternoon and at the same time confirms superiority over Sexton Blake.

Admiral's Launch has not been seen in public for some time, his race having been the 2,000 Guineas in which he could finish only seventh of 19 behind Roland Gardens.

It is difficult to find a reason for that disappointing effort on the Rowley Mile. The only plausible excuse which could be put forward is that the 2,000 Guineas was the first occasion on which the West Ilsley colt had encountered soft ground, a surface on which his sire Brigadier Gerard was never at his most effective.

Admiral's Launch has impressed all who have seen him work since that set-back. One man I know who would not entertain the thought of a change in mount is his partner, Willie Carson, so deserving of a victory after his superb ride on Hot Grove a year ago.

I hope and believe Admiral's Launch could just do it for him this time.

EPSOM

2.00—General Atty**
2.35—Danish King
3.35—Admiral's Launch***
Julio Mariner EW
4.20—Twice Rich*
4.50—Tardot
5.25—Red Johnnie

Police fight TV soccer drinks

A DECISION by magistrates to allow the licensee of a village pub to serve drinks until midnight this Saturday while customers watch a World Cup soccer match on television is to be challenged by the police in the High Court.

The extension for the Star and Garter, Wigston Magna, Leicestershire, was grante don the ground that the World Cup is a "special occasion," three judges were told yesterday. Leicester magistrates also granted a 45-minute extension for to-night's Scotland v. Iran match.

Counsel for Leicestershire Police contended yesterday that a licensee could not create a "special occasion simply by putting a television set in his bar.

The judges granted the police leave to appeal against the magistrates' decision. The case may be heard to-morrow.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 am Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 11.40 Cricket—Benson and Hedges Cup: Derbyshire v Middlesex. 1.30 pm Bagpuss. 1.45 News. 2.01 For Schools, Colleges. 2.38 Cricket—Benson and Hedges Cup: Derbyshire v Middlesex. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 The All Star Record Breakers. 5.15 Regional News (except London and South-East). Paddington (London and South East only).
5.20 News.
5.30 World Cup Grandstand: Brazil v Spain, and Austria v Sweden (highlights).
7.25 The 1977 Morecambe and Wise Christmas Show (BBC prize-winning show).
8.20 World Cup Grandstand: Scotland v Iran, and Holland v Peru (highlights).
9.30 News Headlines.
11.05 Tonight.
11.45 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—4.20 pm Scooby Doo. 4.40 Bilidowcar. 5.15-5.20 Wales Today. 11.45 News and Weather for Wales.

Scotland—5.15-5.20 pm Scottish News. 8.20-10.30 World Cup—Scotland v Iran (Scottish commentary). 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.15-5.20 Northern Ireland News. 11.45 News and Weather for Northern Ireland.

BBC 2

6.40 am Open University.
10.35 Gharbar.
11.00 Play School.
11.25 Open University.
1.50-2.40 pm and 3.50-4.55 Cricket—Benson and Hedges Cup: Derbyshire v Middlesex, plus news of other matches.
4.55 Open University.
†5.45 "In Old Chicago," starring Tyrone Power and Alice Faye.
7.35 News on 2 Headlines.
7.45 Bioscope Days.
8.05 Landscapes of England.
8.30 Call My Bluff.
9.00 News.
9.25 Brensham People.
10.10 Music for a Jubilee with the BBC Concert Orchestra.
11.25 Late News on 2.
11.35 Cricket—Benson and Hedges Cup: Derbyshire v Middlesex (highlights).
12.05 am Music at Night.

BBC-2 Wales only—7.45 pm Landscapes of England. 8.10-8.30 Heddiw.

LONDON

9.30 am Schools Programmes. 12.00 Here Comes Mumfie. 12.10 pm Stepping Stones. 12.30 News plus FT index. 12.55 Help! 1.00 World Cup '78, the Derby, and Racing from Ripon. 4.45 Really Rosie.
5.15 News.
5.30 World Cup '78: Austria v Sweden.
7.45 Coronation Street.
8.15 World Cup '78: Scotland v Iran, including at 9.30 ITN Headlines.
11.00 ITN News.
11.30 The Sweeney.
12.30 am Close: A painting by Rembrandt with music by Beethoven.

All IBA Regions as London except at the following times:—

ANGLIA

12.55 pm Anglia News. 4.45 About Anglia. 12.30 am The Big Question.

ATV

12.50 pm ATV Newsdesk. 4.45 ATV Today. 11.30 Ladies' Night.

BORDER

†12.50 pm Border News. 4.45 Lookaround Wednesday. †12.30 am Border News Summary.

CHANNEL

12.48 pm Channel Lunchtime News and What's On Where. 4.45 Valley of the Dinosaurs. 6.30 Channel News. 11.27 Channel Late News. 12.25 am News and weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 12.50 pm Grampian News Headlines. 4.45 Grampian Today. 5.10 Police Newsroom. 12.30 am Reflections. 12.35 Grampian Late Night Headlines.

GRANADA

12.50 pm This Is Your Right. 4.45 What's New Special. 5.10 Granada News.

HTV

12.50 pm Report West Headlines. 12.55 Report Wales Headlines. 4.45 The Electric Theatre Show. 7.45 Report West. 8.00 Report Wales. 11.30 Charlie's Angels.

HTV Cymru/Wales—As HTV General Service except: 12.50-12.55 pm Penawdau Newyddion y Dydd. 4.45 Miri Mawr. 5.00-5.15 Un Tro. 7.45-8.00 Y Dydd.

HTV West—As HTV General Service except: 12.50-1.00 pm Report West Headlines. 8.00-8.15 Report West.

SCOTTISH

12.50 pm News and road report. 4.45 Scotland Today. 7.45 Hello, Good Evening. Welcome. 11.30 Late Call. 11.35 Pro-Celebrity Snooker.

SOUTHERN

12.50 pm Southern News. 4.45 Day by Day. 12.30 am Southern News.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 12.50 pm North East News and Lookaround. 4.45 Northern Life. 12.30 am Epilogue.

ULSTER

12.50 pm Lunchtime. 4.45 Lets Look at Ulster. 5.05 Reports. 11.30 Living and Growing. 11.55 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.50 Westward News Headlines. 4.45 Westward Diary. 11.27 Westward Late News. 12.25 am Faith for Life.

YORKSHIRE

12.50 pm Calendar News. 4.45 Calendar.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 8.30 As VHF. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 8.30 Semprini Serenade (S) (continued from Radio 2, 8.15). 9.02 The Bob Hope Story. 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Ray Moore with The Early Show (S), including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.02 Motor Cycling (news of the Isle of Man TT Races) and 1.45 Sports Desk. 2.02 David Hamilton's Derby Special from Epsom (S) plus news of the French Open Tennis Championships and the Isle of Man TT Races. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.33 World Cup Sports Desk. 7.02 Sing Something Simple (S). 7.30 Sports Desk. 7.33 Listen to the Band (S). 8.15 Semprini Serenade (S) (continued on VHF). 8.30 World Cup Special: Scotland v Iran plus news of the other matches. 11.02 Sports Desk. 11.15 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

†Medium Wave only

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Schumann (S). 9.45 Music for Organ (S). 10.30 The Clarinet (S). 11.35 BBC Northern Symphony Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 "Saul" oratorio in three Acts, music by Handel, Act 1 (S). 3.10 In Short (talk). 3.20 "Saul" Acts 2 and 3 (S). 4.55 Building a Library of records (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Language and Communication. 7.30 BBC Symphony Orchestra in Yugoslavia, part 1: Hamilton, Berlioz (S). 8.10 The Arts Worldwide. 8.30 BBC Symphony Orchestra in Yugoslavia part 2: Ravel (S). 9.30 Nostalgia in the Forbidden City (talk about Peking by David Chipp). 9.55 Bath Festival 1977 cello and piano recital, part 1: Beethoven (S). 10.30 Ralph Richardson reads Blake. 10.50 Bath Festival 1977 part 2: Beethoven (S). 11.35 News. 11.40-11.45 Tonight Schubert Song (S).

Radio 3 VHF only—6.00-7.00 am, 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 am News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Happiness Is . . . 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Something Appealing, Something Appalling. 11.50 Do Animals Talk? 12.00 News. 12.02 pm You and Yours. 12.27 The Spam-fritter Man (S). 12.55 Weather: programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather: programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 For the Whales (S). 9.00 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Frank Muir Goes Into . . . Poetry. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

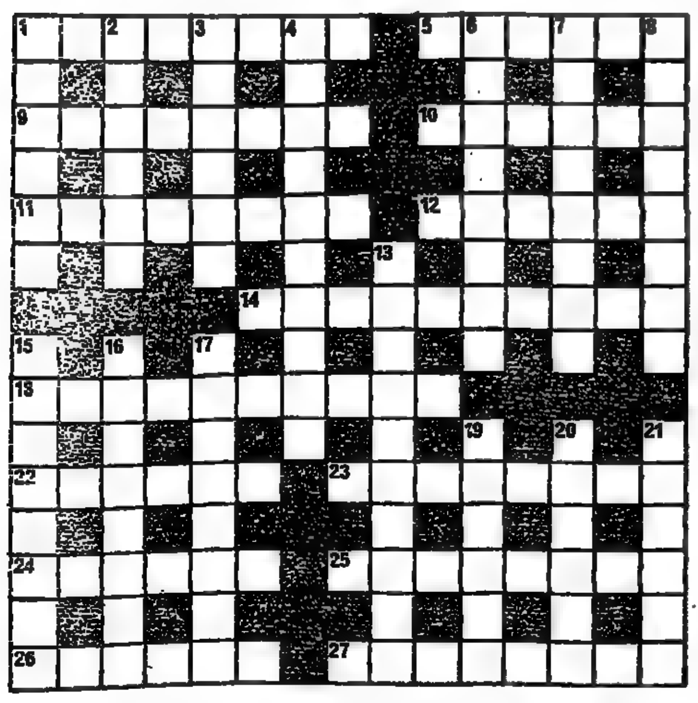
5.00 a.m. Morning Music. 6.00 AM: non-stop news, information, travel, sport and review. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,686



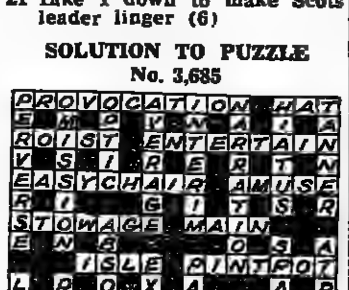
ACROSS

1 Willing to prepare gun for shooting bird in the main (8)
5 Insulted the sailor who was employed (6)
9 Moment for foreign currency to tick over (4, 4)
10 Make certain of two points of course (6)
11 A sea tune may be transcribed so turn one up (8)
12 Second-class smokes in trousers (6)
14 Chance the dissolute have to escape (5, 5)
18 Keep quiet about one's profession to close business (4, 2, 4)
22 Parent has part to play in obtaining relief for prisoner (6)
23 Oddball determined to take a drug trip (5, 3)
24 A meeting place in Broad Street (6)
25 Little boy under 18 makes a change (3, 5)
26 Shares of TNT she made up (6)
27 A pest operator tries to lose his temper (3, 5)

DOWN

1 Twins given key to E type car (6)
2 Twice upset peculiar expression of discontent (6)
3 Share allowed to get the chop (6)
4 Stop to recover what's left (4, 2, 4)
6 Notes from riverside record (4, 4)
7 Little imp could relish slap on ear (8)
8 Reds meet rough justice in Isle of Man (8)
13 Mr. Callaghan's supporters go to work on show of hands (6, 4)
15 Stick what's left of fire above factory (3, 5)
16 Fourth Pole to make large loaf (8)
17 Hide on lake during holiday (8)
19 Holy Land pilgrim hiding cards in hand (6)
20 Instrument children have well and truly licked (6)
21 Like 1 down to make Scots leader linger (6)

SOLUTION TO PUZZLE No. 3,685



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ODEON, Marble Arch. (723 2011/2.) THE BETSY (X). Sep. progs. Mon.-Sat. 1.30, 4.45, 8.15. All seats bkble except 1.30 perf Mon.-Sat.

PRINCE CHARLES. Leic. Sq. 437 8181. MEL BROOKS HIGH ANXIETY (A). Sep. Perfs. Dly. (inc. Sun.) 12.15, 2.45, 6.15, 9.00. Late Show Nightly 11.45. Seats Bookable. Licensed Bar

Television

On with the Dance

by CHRIS DUNKLEY

There is a moment in the Bolshoi Ballet's version of *The Nutcracker* when Masha and the Prince disappear completely behind the ranks of the corps de ballet. Then, at the climax of a typical Chaikovsky crescendo, they shoot back into view above the heads of the other dancers as though carried up by a couple of almighty leaps. Since then remain, upright and hovering, with their knees at the level of the corps' heads, it becomes obvious that they have been lifted to this height by other dancers (presumably four of the beefiest men available).

Yet for a couple of seconds, before the onlooker's brain works out the mechanics, this piece of pure theatrical magic is breath-stoppingly exciting. Watching it perform "live" on the Bolshoi stage is no doubt a superior experience to watching it on a television screen, but one would have to be a real curmudgeon not to express gratitude to Humphrey Burton, head of BBC TV's Music and Arts Programmes, for having made this second-best experience available to the millions of us who have never been to Moscow and who in many cases will never have a chance to go.

The same can be said of much of the other material contained in the dozen programmes gathered together by Burton under the title *Dance Month* and presented on BBC2 during the last four weeks.

Television, because of its universal distribution, is blamed for all society's supposed ills, from declining educational standards to rising crime rates. It is only right that when the same universal distribution is used to make available to virtually every household in the land a collection of ballets from Russia, America, Germany and Denmark as well as Britain (however small the numbers choosing to watch them) the effort should be recognised and applauded.

No doubt each viewer who watched all, or most, of the series would wish to apportion applause in a different way. I was particularly pleased with *A Month In The Country* in the opening programme, first because I had never seen it and second because it was televised in a very sane manner by John Vernon and Colin Nears. Unlike so many people who arrange outside broadcasts (not only for the arts but for sport and public events too) they seem to understand that television serves the viewer best when the techniques of the broadcast impinge upon his attention least. During *A Month In the Country* the cameras covered as little of the stage as possible while still including all the dancers, thus making them appear as big as possible on screen: and cutting and zooming were inconspicuous.

In infuriating contrast, the ballets bought in by the BBC from RM Productions, Munich, were full of crash zooms and frantic camera cutting which actually made the dance incomprehensible occasionally. During *Tarantella*, for instance, we were obliged to lurch in and out from big closeup to long shot and back on every crash of the cymbal so that the programme ceased to have anything much to do with ballet during some passages.

The two other productions which formed a triple bill with *Tarantella* did deserve applause, however: Lynn Seymour's *Leda And The Swan* and Sir Frederick Ashton's *Enigma Variations*. By my reckoning *Leda* was not a ballet at all, but a mime with incidental music, illustrating W. B. Yeats' poem. Its great virtue was its pleasing eroticism—a quality far too rare on television. *Enigma Variations* was one of the many repeats in *Dance Month*, and since the strangeness of seeing ballet performed in morning coats dominated my first viewing, a repeat allowing opportunity to come to terms with the true quality of the ballet was valuable.

The high point of *Dance Month* for me, though, was last Wednesday's live relay of the Royal Danish Ballet's *The Miraculous Mandarin* from Copenhagen. Not only did this modern piece have a strong narrative line (an aspect more important on television than in the theatre) and a small number of dancers concentrated in a fairly small space, thus suiting it very well to the small screen, but it was one of those rare ballets in which the dynamics of the dance did manage to match up to the excitement of the music, in this case by Bartok.

So often in ballet—particularly conventional classical ballet—the soaring majesty or the crashing climaxes of the music seem completely at odds with the almost prissy steps and movements of the dancers, no matter how great their expertise and virtuosity. With television reducing the quality of the visual experience even more than that of the aural this contrast becomes greater still. However, the dancing of Flemming and Vivi Flindt and the rest of the Danish Ballet seemed to me to match up, for once, to the power and the spirit of the music.

Certainly then there were aspects of *Dance Month* to be enjoyed and applauded.

But there were aspects to be criticised too. For a start *Dance Month* itself was a misnomer. "Western Classical Ballet Month" would have been a mouthful but would at least have been accurate—and this is not just an empty semantic cavil. Television is uniquely equipped to bring together—using tape and film as well as live relay—examples of different types and styles and disciplines in a performing art such as dance, giving us an opportunity to compare which would be impossibly expensive using live theatre.

No one could afford to ship into London whole collections of African, Greek, American, and European troupes to demonstrate the different traditions from folk to modern dance, but television could obviously send its crews round the world to collect the material, and one day, no doubt, it will. *Dance Month*, however, was limited to classical ballet.

Bringing us to the second criticism: that television happens to serve ballet worst of all the performing arts. Long periods during *Dance Month* have been spent peering across the room at pictures of a crowd of whirling mannikins, each appearing on an average television set to be about 1½ inches tall. Even a well-adjusted 26-inch colour set can only convey to the viewer an impression of the ballet which is about as accurate and realistic as an impression of the Grand Canyon conveyed by a little snapshot.

Nor is this just the general complaint that can be made about any performance seen on television rather than live. The inability of the television camera to match the peripheral vision of the human eye is (usually) pretty unimportant — in drama, for instance. But in ballet it is a crucial failing. It is quite clear that choreographers, wittingly or not, often rely upon the onlooker's peripheral vision for their effects: for example, when the principals dance centre stage and the corps performs in two groups, one on the extreme left and the other on the extreme right.

In these circumstances the human viewer in the theatre can appreciate the whole effect of movement in space without moving his eyeline. But the camera is obliged to choose one of three compromises: either to stay in tight on the principals and ignore the corps, thus approximating the effect of a viewer watching from the stalls in blinkers and losing the choreographer's overall effect; or to zoom right out, thus framing all the action but approximating the effect of a viewer in the gallery looking through the wrong end of his opera glasses; or (most exciting and least used) to mix through very slowly from the first to the second and perhaps back again, producing superimposed images which either give the best of both worlds or confuse everyone horribly.

Finally *Dance Month* was disappointing in that it did not give British audiences even a hint of the sort of original ballet programmes that are commonly produced nowadays by European and particularly Scandinavian broadcasting organisations marrying music and dance to television's own electronic effects, making a different sort of programme which may not satisfy ballet purists, but which does at least avoid the difficulties described above. There have been some laughable examples, but there have also been a few worth importing.

Perhaps next year, if the BBC gets its licence fee increase, we can have a real *Dance Month* instead of "Ballet Month." Meanwhile, thanks are due to Burton and to BBC 2 for having nothing to do with the fiasco now monopolising Argentina and all other channels.

Rashna Homji and Ashley Page in 'Leda and the Swan'

Open Air Theatre, Regent's Park

A Midsummer Night's Dream

Shakespeare once again in Regent's Park. It is like entering an aspic-laden time warp to find these glittering fairies straight from Arthur Rackham decked in half-masks and Santa-Claus greenery still mixing it with the Edwardian hunting aristocracy. David Conville's lusciously old-fashioned revival may quote Jan Kott in the programme, but that is as far as it goes. Truncated Doric columns stand stiffly among the dusky shrubs, reinforcing the time-honoured collision of neo-classical romance and self-conscious rudery.

The roses fade on Hermia's cheek for want of rain, a line met with almost ironic good cheer by an audience in full anticipation of a deluge on this rain-flecked evening. But high spirits overcome the elements and the revels proceed apace, with every corny old trick in the prompt book pressed unashamedly into service. You almost feel that Quince, the rubicund carpenter, is behind it all, so forcefully delightful is Anthony Sharp's performance as the stage-managing rustic. "You got them legs nice and smooth," he mutters, un-Shakespearianly, to a costly artisan Snug hearing the inevitable stool.

Rustics gentry and fairy-folk are obviously differentiated from the outset and left to fester charmingly in their worlds to the final curtain. Bottom (Ian Talbot) weaves himself in predictably stentorian fashion into Titania's web, tugging away at the jawbone of an ass like a deaf man at a rock concert. He has ears for everything except what is to be heard. This approach always works in crude productions in Regent's Park, but it does nothing to release the springs of eroticism that modern producers and commentators have found in the play. When the mechanicals assemble to play the tragedy of Pyramus and Thisbe, they do so as if to justify the surrounding lowness of textual interpretation.

I have now to say that I enjoyed it all very much. The play for the wedding party is superbly and traditionally done, delivered spiritedly for the enjoyment of a bunch of condescending fools. Titania (Rula Lenska) beds Bottom in a grotto illuminated with, well, fairy lights, straining her sexuality through a sieve of fluffy spriteliness. Her Oberon (Granville Saxton) is a camp monster who leads with his chin, while Puck (David Cardy) comes across like a butch squirt enrolled at a fancy-dress ball by the allure of a satyrical get-up. The lovers are brightly, straightforwardly played by Elizabeth Estenson, Zelah Clarke, Clive Carter and Cecil Humphreys.

MICHAEL COVENEY

Leonard Burt

Rula Lenska and Granville Saxton

Royal Court

Robert Wilson

I Was Sitting on my Patio This Guy Appeared I Thought I Was Hallucinating (the opening line as well as the title) is called a play by its author, Robert Wilson but it is not that. Mr. Wilson has assured me that if you want to leave for a while and come back later you won't have missed anything. The work does not develop. It simply is: you don't examine it from end to end any more than you examine the Venus de Milo from top to bottom.

It is not one work of art, moreover, but several. There are five elements in it that I could discern—script, décor, music, costume and lighting: and they are almost independent, only clamped together like the layers of a club sandwich. Mr. Wilson plays the first act by himself. When the lights go up he is lying on a rectilinear chair before a black curtain pierced by three big openings on to a bright white backdrop. His words are of little importance; they consist of loose conversational phrases that do not supply a continuous story, though in general they suggest a man in a state of tension about something, not always the same thing.

They are accompanied by a taped score of piano music by Alan Lloyd using Mozart's vocabulary more or less but with no discernible objective but accompaniment. The lights change independently of any action in Beverly Emmons's plot; halfway through, the windows on to the patio are obscured by blinds. At one point Mr. Wilson throws off his long black cloak; he attends, or fails to attend, to a constantly ringing telephone. On a small screen various films are projected, usually of penguins.

Lucinda Childs, the co-director with Mr. Wilson, plays virtually the same lines in Act Two. She plays them quite differently. The lighting plot is varied. The piano is replaced by a harpsichord. Instead of doffing a black cloak, she dons a white one. Swimming ducks replace penguins. As in the first act, there is no specific meaning or development. The meaning is what you see. The nearest we have to it in our recent experience here is probably the living sculpture of Gilbert and George.

Did I enjoy it? Well, I didn't laugh, cry or flinch. Was I interested? Absolutely fascinated, mostly of course by the second act, observing the variations. I can only recommend it as a quite new theatrical experience; and as such I recommend it to all wide-ranging collectors.

B. A. YOUNG

Coliseum

My Brother, My Sisters

Kenneth MacMillan's newest work — made for the Stuttgart Ballet a fortnight ago—received its London premiere on Monday night. Its title, *My Brother, My Sisters*, tells us about its cast; a quotation in the programme from *The Rock*, by A. E. Ellis, indicates that the family inhabits a world obsessed by the awareness of death. But, and here is the characteristic MacMillan twist, the family is also an isolated one, five sisters and a brother "set apart by landscape and circumstance, intelligence and passion," as MacMillan states in his programme note.

These factors are immediately clear. Yolanda Sonnabend had provided a beautiful, brooding setting, to suggest moorland. When we first see the family they are plainly bookish, gazing into the palms of their hands as if reading obsessively: their sexuality is heightened—and explicitly shown—by games which are incestuous and murderous play that becomes frighteningly real. Like Cocteau's *Enfants Terribles*, they inhabit a world of self-perpetuating fantasy: like the Brontes the girls revolve around the figure of the brother: like those several macabre news-stories that have come to light across the years, they become involved in relationships that develop into a kind of *folie à six*. But they are also figments from the past, for throughout the action of the ballet—which is set to Schoenberg's *Five pieces for orchestra* and the Webern *Five Pieces and Six Pieces*—a ghostly observer (Reid Anderson, excellently chill and remote) gazes at them, passes among them.

Action is focused on three of the children: on Birgit Keil, eldest and most dominant: on Lucia Montagnon, bespectacled and her rival; and on Richard Cragun as the brother who goads the girls on, and is the chief object of their affections. Jean Allenby, Sylviane Bayard and Hilde Koch as the other sisters serve more as chorus and accessories after the fact. The events of the piece are the games of love and death, fantasies of passion and killing, in which the group reveals adult aggressions and lusts. What we see may be play, but it also argues the problem of what is fact and what is imagination — Birgit Keil makes love to the supposedly dead body of her brother; but she does in fact kill Lucia Montagnon, and snatching off her glasses, starts insanely to "become" her sister. The text of the ballet is very complex, all the more so because MacMillan hides nothing, and—analyst once again to his characters—shows how ritual and reality become inseparable to the figures in case histories like these.

Fascinating though the themes of *My Brother, My Sisters* are, the piece would be no more than a psychiatrist's toy were it not that MacMillan has evolved a language of extraordinary originality and excitment in which to explore the situation. The ballet begins rather predictably—I feel that the opening Schoenberg score has not fired the choreographer's imagination—but with the sparer and more allusive textures of the two Webern suites, MacMillan's ideas take wing, and we are treated to innovative dances in which a highly personal langage emerges, entirely apt to reveal the inner recesses of these extraordinary psyches.

For Cragun (whom, in passing, I must hail again as one of the greatest dancers of our time, and one wearing his greatness with a beautiful humility: "self" never enters into his dancing: his grand gifts serve only the choreography) there are solos of breath-taking novelty. He whirls in extraordinary twisting leaps in which one hand holds a foot; he spins prodigiously; revels in complexities of dynamics, and shows the dance without the least effort. From Birgit Keil there comes a characterisation at once fey and passionate, vicious and beguiling, wonderfully danced. Lucia Montagnon gives something sullen, pitiable and oddly watchful to the rival sister; the other girls are no less good.

And as the ballet progresses, the sense of chill unease, of unhappy mystery is heightened by two *coups de théâtre*. In the first the girls put on doll-like half-masks, and dance while mouthing words; later they and Cragun return in transparent masks to mock the bespectacled Montagnon. The effects are profoundly disquieting, macabre.

I do not know if *My Brother, My Sisters* will become a "popular" ballet; but its combination of action on two narrative levels, in that what we see at first glance is doubled by another and even more uneasy "inner" narration, grips the mind; and demonstrates yet again MacMillan's mastery as a choreographer able to explore the convolutions of the human psyche in exciting movement.

The other MacMillan piece in the programme was *Song of the Earth*, danced with the assurance that Stuttgart alone can bring to it. Despite a dreadful setting—an ill-hung back-drop is inexcusable — the company performed with total conviction. This comes, I suspect, from their understanding of the sung text, which seems to permeate all the interpretations. Marcia Haydee, Egon Madsen and Richard Cragun led the performance with absolute authority; Cragun's moment of terror when he is impelled forward by the Messenger (the contralto soloist has just returned for the final sung section of the score) was dancing of the greatest beauty.

Patrice Montagnon's *Innere Not* was also featured in the evening. Montagnon is another young Stuttgart choreographer, concerning himself here with the adagio of Bruckner's seventh symphony and what he supposes is the composer's *Inner Need*. Bejart seems his model, and despite some fine grouping, I was not persuaded that the clogged choreographic texture did much for Bruckner or his symphony; or that an awkward set by Axel Manthey did anything for the ballet.

CLEMENT CRISP

Festival Hall

Lazar Berman

Lazar Berman played the Handel Chaconne in G and the Liszt Sonata in the first half of Monday's recital, and the Musorgsky *Pictures at an Exhibition* in the second. In the interval it was still possible to hope for subsequent mitigation of the impression the Russian pianist had created in the first half; by the end, such a hope had been fairly conclusively squashed.

"Efficient" and "unmagical" were the two epithets that most frequently recurred to characterise the playing, accompanied by such adjectival phrases as "technically astounding." None of these descriptions proved impervious to temporary alteration. In the Liszt Sonata most of all, Mr. Berman's fingers were not unfailingly efficient — the big barnstorming passages brought a sizeable quota of wrong notes. Nor was his traversal of the quieter sections entirely unmagical: the softly punctuated final bars were remarkable for their "bated breath" quality.

Overall, however, there could be little doubt that, as exemplars of technique *qua* technique, these are fingers capable of the bravest feats — double octaves solidly beaten and shaped, Liszt's sequence of *grandioso* chords hugely sonorous without strain, a capacity for piling on layers of *forte* at speed, just when other pianists with lesser degrees of stamina have long since wilted.

Yet if technique is seen as a function of the creative imagination — and in the greatest performers it always must be—then Mr. Berman's technique is defective. Or rather, it is, most notably in the sonata, a technique without the imagination to shape and direct it. This could be evidenced in such things as the lack, in the music of soft sensuousness and suggestion, of any tonal variety; or in the way the breathtaking adventure of Liszt's transitions was regularly diminished by an inability to appreciate and convey the transformations of dramatic character.

The Musorgsky cycle went better, if only because its succession of movements demands less of long-term dramatic control. Once again, there were some remarkably powerful, full-mettled sonorities in the massive movements; "Bydlo" rumbled past in majestic depth of tone. Yet how many pianists has one heard with not a quarter of Mr. Berman's physical power and dexterity, create a gallery of individual and particularised characterisations — spine-chilling, melancholy, humorous as may be? Here, though the music was strongly outlined, its centre was nerveless and prosaic.

MAX LOPPERT

Purcell Room

Lure of the East

Monday's concert by the group called The Songmakers' Almanac filled the Purcell Room and produced cheers for a miscellany called "The Lure of the East" in which verse mingled with voices and Schubert and Schumann lay down with Lehmann (Liza) and Coward. The mixture was most ingeniously assembled and carefully rehearsed. Trouble had been taken over the programme book, so arranged that the rheumiest and most inattentive fingers could hardly make it rustle in the wrong place—worth mentioning because that is one of the last things concert organisers usually bother about.

And yet, not for the first time, a good "theme" programme left one slightly doubtful. What do such things achieve, except to make the hours (two and a half, on this occasion) pass more informally than they might at a straight recital? This assemblage, in the first (German) part, included some marvellous things by Schubert and Schumann—Goethe's *Divan* poems and Byron's Hebrew Melodies in various settings were profitably raided. Yet the increasing hilarity of the second part, which began with French orientalism (Bizet and a stunning virtuoso number by Saint-Saëns winning easily—Ravel's "L'Indifférent" is not much without orchestra and went on through decent Englishries to "Mad Dogs and Englishmen" and a version attributed to Mrs. Johanna Hog of a familiar "Turkish" piece, simply drove the memory of the bigger things away.

Perhaps the readings, though they were nicely done by the singers (Felicity Lott, Sarah Walker as guest artist, Martyn Hill deputising for Anthony Rolfe-Johnson, Richard Jackson) and the unquenchable pianist Graham Johnson, should be sacrificed or strictly rationed. Or were they included to reinforce the point intentionally or unintentionally made by the evening as a whole, that the East had earlier and more enduring effect on poetry than on song?

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Bonn's price for a package

THERE ARE at least two important elements in the remarks on German economic policy made yesterday by Chancellor Helmut Schmidt. The first was his hint that, while the Bonn Government had no *immediate* plans for additional stimulus for growth, some measures might be taken later this summer. The second was the message, clearly legible between the lines, that additional reflationary measures would only be taken by Germany as part of an international package to which other countries would have to make their contribution, and that this package should be tied up at the international economic summit in Bonn next month.

Inflation

Mr. Dennis Healey, the British Chancellor of the Exchequer has long and repeatedly pressed on the German Government its obligation to help the world out of recession by adopting a faster growth rate. Germany, the argument runs, has low inflation and a strong balance of payments, and can afford a more expansionary approach than countries which, like the UK, are still trying to bring their inflation rates down.

But it would be a mistake to suppose that Mr. Schmidt's remarks yesterday are a tribute to the persuasive power of Mr. Healey's homilies. The Germans have the best possible reasons for knowing that their probable growth rate this year will be disappointingly low. The official target set for 1978 was only 3.5 per cent, but the latest estimate by the Bundesbank puts the probable out-turn at around 3 per cent, while other forecasts suggest it may be as low as 2.5 per cent. The Government has ample political incentives for examining the feasibility of faster economic growth, provided it is compatible with other economic priorities.

Recently, the Organisation for Economic Co-operation and Development in Paris proposed a concerted reflationary programme by a number of major industrialised countries, though with the stronger countries giving their economies a bigger boost than the weaker. Most of the governments were broadly in favour of the idea, but the OECD proposal collapsed because some of the stronger countries, like Germany and Japan, objected to having precise targets imposed on them in the OECD context.

With hindsight, however, it may seem that the German government's objection was based less on the precise figures proposed by the OECD, than on the belief that this was the wrong sort of package, and that the right sort of package could only be put together at the Bonn summit meeting in July.

The right sort of package, according to this interpretation, is one which includes structural measures to improve and stabilise the international monetary system. As an inducement, the German government may well offer further domestic economic stimulus, and the report that the Bonn cabinet is postponing its final decisions on the 1979 budget until after the summit is a signal whose significance will not be lost on Mr. Healey or Mr. Carter. But the quid pro quo will be a firm undertaking from Washington that steps will be taken to curb oil imports and thus reduce the trade deficit, plus a parallel agreement within the European Community on measures to limit the fluctuations between the European currencies.

Commitment

Whether such a package can really be put together next month must still be open to question. Mr. Carter, for one, may not share the German belief that he can (or should) act to curb oil imports on his own authority, by-passing Congress, and he may be unwilling to give the kind of commitment being sought by the German Government. Chancellor Schmidt's proposals for an enlarged European currency snake are undergoing careful examination by Germany's Community partners, but it is not clear that they will be in a practicable form by next month, let alone that Mr. Callaghan will wish to expose himself to attacks by the Labour Party's Left Wing so soon before an election. For all that, it is clear that the German Government—quite rightly—will not reflate the German economy just because Mr. Healey says it should.

The recovery in danger

AGAINST ANY normal financial background, the banking figures announced yesterday would be thoroughly welcome. There has been a sharp rise in advances, mainly to the service (including equipment leasing) and personal sectors. This reflects the recovery in demand which is beginning to put a little dynamism into the economy. There has been a relatively slow growth in lending to manufacturers, but this is perfectly normal in the early stages of a recovery: the rise in turnover has probably reduced stocks and improved cash flow (notably so for the motor industry), which has been able to repay £112m of bank advances in the last three months. The rise in the money supply cannot be estimated reliably from the clearing bank figures, bunt appears to be at or perhaps a little above the top end of the official target range—too high for comfort, but not alarming.

However, the financial facts behind this portrait of a reviving economy are not so pretty. There is a skeleton in the cupboard. The growth of the money supply has not been kept in check, as it should be, by firm official action to hold the Government deficit within the limits that can be funded without endangering this natural recovery of the private sector. On the contrary, the borrowing requirement is inappropriately large, and its funding has scarcely begun.

Cannot go on

As a result of this financial impasse, sterling has been weak, and the Government has been financing its own operations, quite accidentally, by selling foreign currency from the reserves instead of borrowing institutional savings in the UK. This clearly cannot go on indefinitely: the borrowing requirement would virtually exhaust the reserves.

This sketch of the flow of funds in the last month shows rather more clearly what is going wrong than a discussion of official targets; but of course the failure to fund will be reflected in due course in the figure for domestic credit expansion. While monetary growth may be roughly in line with policy, it is clear that DCE is far higher than is consistent with the £6bn target reaffirmed in the last Letter of Intent to the International Monetary Fund.

There is no question, then, that the Government is achieving its financial targets by some sleight of hand, though those who watch the money supply to the exclusion of anything else might be misled into thinking so. The Government will certainly not contain domestic credit growth within the target it has set itself without taking some action. The question is what action, and how soon.

Some realism

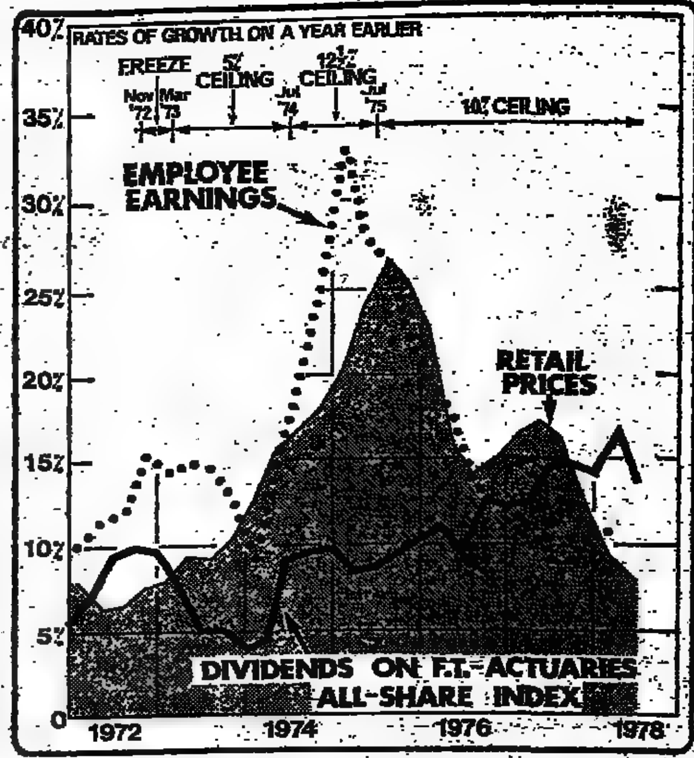
Since bank lending has accelerated, the easy way out might appear to be to place restrictions on the banks, and there has indeed been much talk of a possible "credit squeeze." There may be something to be said for imposing some limit on the growth rate of lending and liabilities under the supplementary special deposit scheme, which would guard against any explosive rise in lending to finance a run on sterling—a development of which there is so far no sign, fortunately. However, any such limit should be generous, to accommodate the recovery which has now set in, and the main measures must tackle the problem at its source—the size of the borrowing requirement, and its funding.

The Prime Minister has shown some realism in resisting back-bench pressure to forbid a rise in building society interest rates, and has reaffirmed the Government's credit policy. What is now needed is some positive action: a rise in excise duties which will at least recoup the revenue losses caused by Opposition amendments to the Budget; and a financial initiative to get funding moving again. The waiting period has already lasted too long. Hope deferred makes markets sick, and the necessary medicine gets nastier with every passing week.

DIVIDEND CONTROLS

BY BARRY RILEY

Mr Healey maintains the suspense



CURRENT LEGISLATION to control dividends expires on July 31. Unless there is Government action in the meantime, companies will be able to declare dividends freely for the first time in nearly six years. The Whitehall machine is already adjusting to the change. The Treasury has been telling inquirers that according to current legislation permission is not required for proposed dividends to be paid after the end of next month. The manning of the Treasury section which administers dividend controls has been reduced from three to two.

Yet the Government refuses to give a clear-cut decision on whether an attempt will be made to extend the controls for a further period.

In February, Mr. Denis Healey, the Chancellor of the Exchequer, stated: "It is too early yet to consider whether any legislation on dividends might be needed as part of counter-inflation policy when the present round comes to an end." This remains the official view.

Only yesterday a Labour MP tabled a Parliamentary question about when the Chancellor would make a statement on the future of dividend control policy. Mr. Joel Barnett, Chief Secretary to the Treasury, merely replied in a written answer: "My Rt. Hon. friend shall make a statement at the appropriate time."

The City and industry takes this casual, low key approach to dividends as something of an affront. To the Government, however, dividends are nothing special: they are simply a form of income, and so long as wider aspects of incomes policy for the year ahead remain undecided, the position of dividends cannot be determined either. There are, however, also some practical considerations. Although a one-clause Bill extending dividend controls could in theory be put through Parliament, given support, within a matter of days, in practice it would be a controversial measure. It looks increasingly unlikely that such legislation could now be passed, with the Liberals about to abandon their pact with the Government.

"Voluntary" controls

The Government could fall back upon non-statutory guidelines of the kind which have already applied to wages. "Voluntary" controls could perhaps be backed up by some kind of blacklist for non-compliers, on the lines of recent pay policy. But it would be difficult to make such a policy stick. Voluntary pay guidelines have worked, up to a point, because once the unions have accepted them it has also been in the interests of the employers to follow suit.

But with dividends it is much more likely that companies will find political reasons for not complying. There are also two very large companies, Shell Transport and Unilever, which have legal obligations to pay out certain levels of dividends in line with international agreements. It is hard to see how their directors could comply with voluntary, as opposed to statutory, restraint.

Moreover the Boards of large, successful and cash rich companies like GEC and Hawker Siddeley will be under strong pressure to improve the currently tiny yields on their shares, which are symptomatic of the anomalies which have built up ever since a "temporary" dividend freeze was first imposed by the Heath Government in November 1972.

5 per cent ceiling

That standstill lasted only a few months, but the Conservative Government then placed a ceiling of 5 per cent on dividend increases. Wages were also controlled, but first the ill-fated threshold agreements, and then the incoming Labour administrations's Social Contract, led to soaring earnings amidst accelerating inflation.

In July 1974 Mr. Healey raised the ceiling on increases of dividends to 12½ per cent. But even at the time wages were growing by some 20 per cent a year, and inflation was at 16 per cent. Over the next two years dividends took a severe battering in real terms. It was aggravated by the decision to trim dividend increases back to a maximum of 10 per cent in July 1975. That limit has applied ever since.

It is instructive to note that during 1974 and 1975 average earnings of employees rose by some 59 per cent, prices by 47 per cent, and dividends per share—on the basis of the recorded yield on the FT-Actuaries All-Share Index — by only 21 per cent.

During the past couple of years the balance has been redressed just a little. Taking 1976 and 1977 together, earnings rose slightly less than the 28 per cent. rise in prices, dividends by a little more at 31 per cent or so.

Since the end of 1976 dividends appear to have been rising by appreciably more than the statutory maximum rate, reaching a year-on-year gain of over 16 per cent in January 1978. But this has to a large extent reflected the willingness of shareholders to plough back money in the form of rights issues.

The need to raise new capital has been an accepted reason for special dividend concessions ever since the controls were imposed in roughly their present form in 1973. During 1976 and 1977 this ruling accounted for about half of all cases in which special Treasury consent was given to above-normal increases. Most of the other instances were in recovery situations.

In recent months dividends have lost some of their buoyancy, however, perhaps partly as a result of the fading of the rights issue boom. Year-on-year growth is now down to under 14 per cent, and it seems likely that over the 12 months to July employee earnings and company dividends will have grown at roughly an equal rate. Since the latter part of last year dividends have actually been rising faster than retail prices. This has, however, been very much an exception to the rule of the past few years.

To demonstrate the erosion of real income suffered by shareholders it is best to trace the history of dividends back to early 1972. At that time, dividends had been decontrolled for several years, and should therefore have been at a normal level in relation to profits. (Significantly, in the decade before dividends had risen overall very much in line with prices.)

But between early 1972 and early 1978 dividends per share rose by 85 per cent during a period in which inflation was around 130 per cent. That implies a fall of dividends in real terms by some 20 per cent. For comparison, employee earnings during those six years climbed by almost 150 per cent, representing a significant real gain.

It would be wrong to attribute this overall erosion of real dividends wholly to controls. Over the same period the share of profits in the national income has fallen, particularly after providing for stock appreciation and replacement cost depreciation. It is clear that dividends would have come under pressure in any case.

So dividends have not been, and could never have been, a source of inflationary pressure. It should be remembered that company dividends, even after adding back advance corporation tax, account for under 3 per cent of personal incomes in the UK. In this context, the primary effect of dividend controls has been to shift the balance in the system.

While some companies have been unable to pay out as much as they would have liked, others have felt obliged to distribute the maximum increase even though—like almost all clearing banks and insurance companies—they have then had to go back to shareholders (sometimes twice) for new capital in order to maintain the real level of their equity bases.

Treasury officials have admitted, in evidence submitted to the Wilson Committee, that dividend restrictions have tended to make the equity market less attractive, particularly to private investors, and that this has increased the cost of raising new capital.

But political expediency has tended to win the day. It always seems to be plausible that when earned incomes are restricted, so should dividend incomes. Dividend controls have tended to be tacked on as a final addition to a whole package of anti-inflationary measures.

And there are no really powerful interest groups, on the lines of the trade unions, to fight for the rights of shareholders. Some organisations, such as the Stock Exchange, have been making statements recently. But the low profile approach of the investment institutions appears to count for little in such a political argument, and it is hard to avoid the impression that many company managements are ambivalent in their attitude. In many cases, companies are woried that they will not be able to keep up in the dividend race if the strong runners are no longer to be nobbled.

At present, the concern of the Government—to the limited extent to which it is interested at all in dividends—is that embarrassing dividend increases, with attendant publicity, could interfere with the process of negotiating a further round of voluntary pay restraints. Such a policy, with a low stated norm for wage rises, would be a major feature of its manifesto for the coming election.

The fear is that a rash of major dividend announcements in August or September could have a seriously adverse impact on the climate of pay talks. The inclination is to put a certain amount of pressure on companies not to rock the boat: if necessary dividend adjustments could be phased in quietly over a decent interval, it is argued, there need be no awkward repercussions on the labour front. In weighing up the manner and timing of dividend increases company boards, however, are going to have quite different priorities should dividend freedom become a reality on August 1.

A new base

There is going to be a strong case for taking the opportunity to jump through the dividend "window" before it is slammed shut again. With inflation likely to be rising again next year, and a new Government of unpredictable complexion likely to be installed in power this autumn, dividend freedom will not necessarily last for long. It will be important for companies to establish a new base ahead of any further period of controls, remembering that dividends have only been free of restraint for three of the last 12 years.

The number of companies in such a position should not be exaggerated. During the past three years over 750 companies (with a few duplications) have received permission to pay over the statutory limit. Most companies must already be close to their preferred payout levels. What is true, however, is that there is a small number of very large companies which have forecast very substantial dividend increases, or can be confidently expected to do so.

For instance, Shell Transport would have paid out 46.5p gross per share for 1977 had it not been restricted to a statutory maximum of 23.8p, while it has a backlog of some 56p a share which it proposes to pay out at an early opportunity. Similarly, the other Anglo-Dutch multinational, Unilever, should have paid around three-fifths more last year under its equalisation agreement than it was allowed to, and the accumulated backlog here is now 38p a share gross.

Then there is BP, which had an application to raise its dividend by 50 per cent turned down by the Treasury a year ago. The company still intends to increase the dividend to 46.2p a share gross—compared with the 33.5p it was permitted to pay—and the new issue prospectus last June promised that the unpaid difference "would be distributed as a special dividend when the removal of dividend restrictions permits."

These three companies alone represent about 14 per cent of the All-Share Index in terms of market capitalisation. If they implement average dividend rises of, say, 60 per cent, then by themselves they will push up the All-Share income by 8½ per cent. On the assumption that a significant minority of other companies will also declare big increases, while most companies move their dividends up more or less in line with inflation, it is possible to predict an increase of over 20 per cent during the first year of freedom. Some put the figure at more like 30 per cent.

This aggregate figure would, however, be higher than the median increase for the more typical company. Profits across a wide belt of British industry have recently been sluggish, and have often been falling, which scarcely provides the right background for dividend buoyancy. Unless profitability improves sharply, the dividend rises of 20 per cent and more will only represent a one-year upward adjustment, with the growth rate sinking back subsequently to a much lower level.

It is a major preoccupation in the stock market at present whether the prospect of dividend freedom is adequately reflected in prices. Some brokers argue that a sharp advance would accompany any definite decision to remove controls. They suggest that the market is held back by the fear that, at best, some kind of voluntary restraints will be called for, while at worst some still tighter limit—such as 5 or 7½ per cent—will be imposed in line with the Government's next wage targets.

The reverse yield gap

But there are indications that a rise in dividends has already been discounted to some extent, for the so-called reverse yield gap has widened by two percentage points since the turn of the year. This gap—between the yield on 2½ per cent Consols and on equities—in theory reflects the market's views on likely dividend growth. Yet the widening may reflect purely market influences, like the dearth of rights issues and the piling up of liquidity at the institutions, and other factors such as higher inflationary expectations, as well as anticipation of dividend freedom.

If controls are indeed phased out at the end of next month, the immediate attention is likely to be focused on the scale of any dividend increases. Yet the potential for re-establishing a proper risk market in equities will be much more important. For years investors have had no assurance that investment in a successful company would lead to an above-average income return. In trying to treat dividends on a par with Civil Service salaries the politicians have managed to convert ordinary shares into a kind of restricted growth preference capital.

Very soon, successful companies could be in a position to strengthen their position on the stock market. But the reverse applies to their more laggardly counterparts. For existing high yielding shares could lose some of their appeal, and companies will no longer be able to sugar the pill of rights issues which are expensive to shareholders by arguing that this is one of the few ways to get the dividend up.

MEN AND MATTERS

Burmah row back on the boil

Why did Burmah collapse in 1974? The question has still to be fully answered, but the Burmah Shareholders Action Group is on the warpath again. The group hopes to start the public unravelling of the oil company's crisis at Friday's AGM in Glasgow.

BSAG has already had one major success in the three years since it has been formed. Its persistent campaign in 1975 and 1976 led the company to initiate a £600m claim against the Bank of England. This is for the recovery of the BP stock held by Burmah before the firm's collapse.

The claim was only made after BSAG has persuaded the Burmah Board to release documents about the sale of the BP stock. Now it is pressing for some equally crucial documents—those relating to the agreements in 1974 and 1975 between the Burmah group and the Signal Companies Inc and Orion and Chase Manhattan banks.

BSAG and its hon. treasurer, Jonathan Stone, question whether some of these agreements contributed to the collapse. Stone claims it is improbable that their implications were unknown to the Government.

"We basically represent the small shareholders," Stone told me. He has had some problems in obtaining the support of a few of the major institutional investors in Burmah: "They think we are trying to make a vote of no-confidence, but this is not the case." BSAG in fact say they have "much admiration" for the Board's handling of Burmah's recovery programme.

But they have less admiration for the Independent Broadcasting Authority, which has rejected a radio appeal they wished to make in Scotland last week for proxy support. Sir Brian Young, director general of the IBA, wrote to Stone saying that the advertisement "seems clearly designed to influence opinion in relation to an industrial controversy." The IBA's code forbids partiality in such controversies, though BSAG angrily say that their lawyers deny the advertisement should be so categorised.

Howe's that?

Amid the higher dramas in the world of sport, a spirited event that took place last weekend went totally unnoticed. This was the annual women's cricket match between Oxford and Cambridge. It was played at Fenner's and finally ended in a ladylike draw. It must be reported, however, that some plaintive cries have been emanating from the pavilion—because an Oxbridge girl who wins a place in her university eleven only gets a half-blue, whereas her male counterpart is given a full blue.

One of this year's Cambridge team was Amanda Howe of Girton. Her father, Sir Geoffrey, is the Tories' shadow Chancellor, which in this context is neither here nor there. What happens to be very much here and now is that Lady Howe is deputy chairman of the Equal Opportunities Commission; she thinks the moment is nigh when such discrimination against the girls should be hit for six. "It may take the universities some time to adjust," she told me. "But now that the sexes are becoming numerically more equal at Oxford and Cambridge, this is the right time to air the subject."

I dared to suggest to Lady Howe that although the girls no longer go in for under-arm stuff, perhaps they are given half blues for only bowling half as fast as the men. She did not call me a male chauvinist, but merely replied that in the old days the "catchment area" for girl cricketers had been smaller. The quality of play is now improving.

Although a male undergraduate can be sure of a full blue for representing his university in any major sport (and a half-blue for basketball and the like), the feminine scene is far more murky. My inquiries have led to appeals that I should not "upset people"—meaning men—in what certain women dons at the older universities see as a distinctly touchy area. It seems that girls *can* occasionally be awarded full blues for rowing, if they put enough beef behind the blades.

Even during my talk with Lady Howe I had sensed the seriousness of the underlying issues. My courage failed before I dared ask whether the Cambridge pace men (pace women? pace persons?) had bowled any maidens, or if the girl who was at third man was called the third woman. I consider the best prospect for us mere chaps is to await the day when all teams become mixed. It will at least improve the look of the outfield.

Family tradition

It was not the first time I have been told "I am doing what my father wanted," but it was the first time I had heard it from a man of 56. However, yesterday Sir Claus Moser explained that in leaving Whitehall to join a City bank he was in fact carrying on a family tradition—though one interrupted by the Nazis.

In the 1930s the Moser family bank, Fromberg, was absorbed by the Deutsche Bank and the Moser family was forced to leave Germany; they moved to England in 1936. Now, Sir Claus is to become Vice-Chairman of N. M. Rothschild and Sons.

He was a professor at the London School of Economics and served for 11 years as head of the Central Statistical Office. His period there was distinguished by a major expansion of the office and of the information it published—sometimes to the embarrassment of the government of the day.

Moser tells me that he expects particularly to deal with corporate finance for industry. He is also the join the Board of Economist Newspapers and next year will become chairman of the Economist Intelligence Unit.

He is, of course, only the latest of the mandarins who have moved down the river to the City—following Sir Eric Roll and Sir Ronald Macintosh at Warburgs, Lord Armstrong at the Midland and Sir Derek Mitchell at Guinness Mahon. Illustrious recruits, and Whitehall's loss. Perhaps, Sir Claus will devise a statistical method of computing the City's gains.

Hard cheese

Tory Action has some vital news for us — "Thatcher leadership query: Enoch Improves" and Sir Keith Joseph is the tops. The group, with links in 150 constituencies, tells me it has expanded since "we threw Maggy's hat in the ring" in the 1974 Conservative leadership battle. It has polled it supporters, all of whom speak favourably of Sir Keith; they back him for three separate Shadow Cabinet appointments. But where is Edward Heath's name, I asked, and that if Jim Prior? "Oh, Heath is right out and only one person thought Prior was any good."

Tory Action describes itself as "probably on the right wing" and says its poll is a "stab in the cheese of constituency feeling." Hard cheese, I suggested to the Conservative Central Office, only to be countered with: "No, sour grapes. They are people not in very good standing with the party. Out on a limb, you could say."

Observer

SOCIETY TO-DAY

We've still never had it so good

BRITISH SOCIETY is stable because it remains comfortably well off. It could become less stable because it is becoming more fragmented.

These two propositions are not quite the stuff of the analyses to which we have become accustomed, which have more to say about doom and decay than stability and comfort. Yet the evidence is there, published today in the 337 pages of the latest report from the General Household Survey*. It is based on a continuous Government inquiry in which some 15,000 people are asked each year rather more than they would be in a formal census. The answers boil down to—well, stability, with just a possible hint of fragmentation in the future.

The 286 tables in the report, themselves merely a few selected print-outs from a computer bankful of information stored by the Central Statistical Office, tell us that we've *still* never had it so good. Much of the information is familiar, but the story as a whole is significantly at variance with what many politicians will be saying in this pre-election year.

The first, and most remarkable part of this story is the steady growth in overall well-being from 1970 to 1976, the first half of a decade during which the British polity was supposed to be tearing itself apart, and when some thought the collapse of capitalism, or democracy, or the economy, was just around the corner.

When we consult the tables, and use imagination to extrapolate them through the better year in 1977 and the possibly still better year in 1978, it appears that much of the alarm was misplaced. It is true that there are some exceptions to this rosy picture—no one could pretend that the National Health Service was actually improving—but the perhaps surprising fact is that while we were all telling one another that we were getting poorer our population was in reality getting marginally richer.

The financial statistics may contradict that, but the count of real circumstances, which the General Household Survey records, tells a convincing story.

Take housing. The historically high standard of housing in Britain has been remarked upon before in this column, but the fresh evidence is overwhelming. In 1971, some 88 per cent of all households had sole use of a bath or shower; by 1976 the figure was up to 93 per cent. The count of households with inside lavatories was 85 per cent at the beginning of the period and 92 per cent at the end of it.

The importance of such figures should be spelled out. If one assumes that between 6 and 7 per cent of all households must now share a bathroom—or have no such access at all—then before using this indicator to the existence of "poverty" or "slums" it must be tempered by the fact that about a third of that 6 or 7 per cent will be living in furnished accommodation. Therefore in the words of the commentary covering the GHS tables they will be "predominantly young and without a family." In short, many students or young single persons are living in "digs" with a bath along the corridor.

Such calculations still leave about a third of the tenants in unfurnished, privately-let accommodation without such amenities. Many of them will in all likelihood be families living in conditions that should not be tolerated. The GHS gives an inkling of who and where they might be—the worst off in some city centres—and there is a clear message in this for policy-makers. But it seems reasonable to hope that this worst-off margin is getting smaller. In any event, the need is to urge immediate alleviation, while acknowledging that for the overwhelming majority of the population housing is of a tolerable to pretty good standard.

Those who are not convinced by the measure according to bathrooms should study the table on central heating. Regarded as a luxury a generation ago, this amenity was found in 35 per cent of households at the beginning of the decade. Now just about half of all households have it. Since much of the increase has been in the council-house sector, it cannot be said that this is simply another example of the privileges of owner-occupiers.

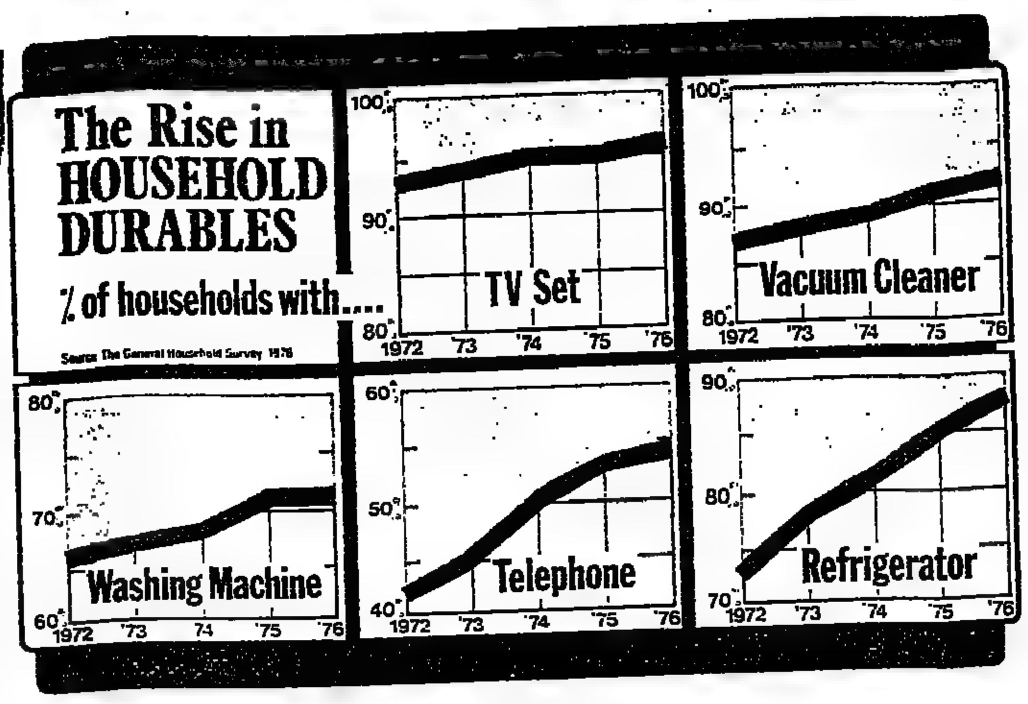
Arbitrary

Or, take the table on the "bedroom standard"—a somewhat arbitrary official indicator of how much space most people need. In 1971, some 7 per cent of all households were below this standard; by 1976 the figure was down to 4 per cent.

Very well, it may be objected, housing has improved—but that is only part of the story. The answer is to look at consumer durables. The chart tells what has happened, and for "years of contraction and decline" (which we are supposed to have endured at least in the latter half of the period under study) it is an extraordinary picture.

Telephones were rented by 42 per cent of all households in 1972 and 54 per cent in 1976. There is still a strong class correlation here, as elsewhere. The possession of phones among manual workers is still low, with only a third of council and private tenants, compared with 70 per cent of owner-occupiers having one in 1976. Yet the growth continues, in spite of the apparently unstoppable growth in the size of the bills.

On the same measure washing machines are up from 66 per cent to 71 per cent of all households. Refrigerators—which the industry once thought the British would never take to—are up from 73 per cent to 88 per cent. The vacuum cleaner moved from 87 to 92 and the TV set from 93 to 96 (I had thought it was surely over 100) on these most revealing scales.



The first thought that strikes one when considering these figures is that here is the strongest evidence yet produced in favour of the proposition that our "hidden economy"—the acquisition of wealth or income by means invisible to the tax inspector's eye—is larger than the Treasury seems to think, and possibly growing. Whatever the figures say about production, or incomes under restraint, or inflation, or even unemployment, it appears that the very great majority of households, at all income levels, have, shall we say, been managing somehow.

In saying all this I am not forgetting the unemployment figures, which remain far higher than it would have been thought possible to tolerate 10 or 15 years ago. They certainly are an indicator of hardship. The GHS is, however, a counterbalancing indicator, showing a slight fall in the proportion of "economically active" males, but a rather larger increase in economic activity by married women. The commentary says "it is possible that one further factor contributing to the increased proportion of working mothers may have been a rise in the number of families where the father was unemployed."

Again, working conditions have been improved, and the figures show it. More people are covered by employers' sick pay arrangements. Private pension schemes covered 49 per cent of full-time employees in 1972; by 1976 the figure was 61 per cent—although here it must be said that nobody can foretell the effect of the present confusing change-over in the state pension scheme.

Some of the results are not consistent with the general trend. There has been a narrowing of the differential in earnings between those with high educational qualifications and those with lower ones. In 1971, a degree was likely to earn the average male graduate about 2.1 times as much as the average for all full-time male workers. By 1976 this ratio was down to 1.7. Some will call that progress; others will give it another name. There were increases in short-term sickness among children, and there was a rise in the acute sickness rate for married women under 45—but some dent seems to have been made in the number of people who smoke. These mixed results can hardly be said to be consistent with a general downward slide; they are at worst the exceptions to the overall picture.

So far only the indicators to "stability" have been reported. Those suggesting a future in which this stability might be shaken are mainly to be found in the population section. The average British household continued to shrink during the period—from 2.91 members in 1971 to 2.76 in 1976. The main reason was an increase of the share of one-person households, from about 17 per cent to some 21 per cent.

A part of the change can be accounted for by the increase of the number of elderly widows living alone—a sad statistic, but hardly one that is likely to shake society. But the increase of the number of single young people, lone parents, and divorcees, is the one to watch. Combined with the trend to remain childless longer, it suggests that in future social stability will have to be founded on something other than the need to care for children and on the extended family.

Behind these statistics one may postulate that there is an increasing number of rootless people in our society. The number of victims of marital break-ups is growing. The feeling that there is not a lot worth preserving may increase in consequence; it has happened elsewhere.

That is all that one can say. There is no strong evidence that this change in our population and the habits of many of its members is as yet a strong enough factor to alter the political outlook of an entire nation. But it has to be acknowledged that any change of this kind that is marked enough to emerge in a statistical study a mere six years long has a greater strength than many social upheavals of the past. The pace of change has not been quite that of wartime, but it has in historical terms been pretty hectic all the same. A stable past is no guarantee of a stable future.

* The General Household Survey 1976. SO £10.00.

Joe Rogaly

Letters to the Editor

Management lessons

From Mr. J. C. C. Sworder

Sir,—The wheel re-invented again. In the Jobs Column (June 1) Michael Dixon reports on how to pick the people who can do the work. He describes how this is to be done by observation of candidates at Assessment Centres over a couple of days, so that the able are selected on the basis of working ability rather than social acceptability.

The Armed Services have done this for decades: in the Army they are called Commissions Boards. Perhaps other management lessons from the Services should be learned with advantage?

J. C. C. Sworder
(Major, retired).
Thorpe House, Fordcombe, Kent.

Design in industry

From Mr. R. Bullock

Sir,—Reading your excellent survey last week of Design in Industry (May 31) I was struck by the absence of any mention of the 1963 Feilden Committee Report on Engineering Design. May I quote a few sentences from its Summary of Conclusions?

"Britain's share of international trade in engineering goods has been declining. In spite of some notable successes, too many British products are being outclassed in performance, reliability and sales appeal.

"Engineering goods are sold on the merits of their performance, reliability, appearance, delivery and price [n.b., the order of these factors]. Design determines most and affects all of these factors and is therefore of paramount importance."

Plus ça change . . .

We can only hope that your supplement has more effect on British industrial management than did the Feilden Report.

R. Bullock.
17, Deodar Road, SW15.

Touching a raw nerve

From Mr. Anthony J. Cormack.

Sir,—I read, with considerable interest, the article (June 3) on the sponsorship of the 1980 America's Cup Challenge.

It was with mixed feelings, however, that I read the invitation letter from the chairman of "British Industry 1500," which must have been received in the post this morning by a considerable number of industrialists, including those under-privileged "Britons" North of Watford. Mr. Tony Boyden, the chairman of the British Industry 1500 Club, invites us to join him in "a challenge which will appeal to the sporting instincts of every Englishman"! but obviously would still be delighted if any Scottish or even Welsh contributors will fork out 1,000 guineas to join the club.

Mr. Boyden has touched a raw nerve with his wording of his first paragraph — maybe, of course, it would not have been so raw if Scotland had won 3-1 on Saturday!

Anthony J. Cormack.
54, Darnell Road, Edinburgh.

Leading the good life

From Mr. J. D. L. Smith

Sir,—I am sorry that Mr. Mallett (June 3) has taken such a negative attitude to the "good life" enjoyed by my common law wife and me, but I would like to take issue with him on a number of points.

The property market after the First World War is not relevant to today. Following the property slump after the 1973 boom it seemed reasonable to anticipate a few years of rising property prices in line with rising earnings. Perhaps it is rash to assume a 10 per cent compound interest rate increase in property values in the next five years. However, it should be noted that our nine months of labour have already earned us a tax free profit of £15,000, but we may admittedly have to live in the house for a bit in order not to be regarded as property developers for tax purposes.

Profitable dealing in antiques in a period of inflation and weak sterling does not require much expertise as even junk is rapidly increasing in value. Future values of all grades are likely to keep up with the Deutsche Marks and dollars rather than sterling. We have no expertise but of all the antiques acquired at auction in the past two years we have never yet seen any equivalents at a cheaper price in the showrooms of the so-called experts. As mentioned such assets can surreptitiously be disposed of for tax free cash over a long period and such a strategy must rival in profitability any pension or life assurance plan.

We have no intention of writing for a living merely of enjoying tax free week-ends and holidays engaged in "research work." The idea came to me from someone who is successfully doing it.

The main reasons why many more of my contemporaries in ICI and BAT middle management have not resigned is the responsibility for families and lack of capital. An ambitious minority may like work for work's sake but Mr. Mallett's "contribution through work and tax" in this Socialist State does not in my experience give most middle managers a "sensation of the good life" the more so as much of their hard earned money is wastefuly allocated for ideological reasons.

The main point of my letter which has been missed is to pose the question of what motivates a Left-winger to pursue policies which are evidently destructive to the country. Taking from the rich and giving to the poor may have been justified in the days of Robin Hood, but taking from those who work hard to encourage others not to work at all still remains a central theme of Socialist egalitarian philosophy.

J. D. L. Smith.
George House.
Petworth, Sussex.

Attractions of Limburg

From the Managing Director, Limburg Analysts.

Sir,—It was sad to find your "Men and Matters" column last Thursday (June 1) describing the Limburg Industriebank's visit to Manchester as an attempt to "switch" investment away from Britain to mainland Europe. No one who was present would consider the charge justified.

The first speaker stated the objective of the visit clearly and concisely: it was to publicise the existence of the Dutch province of Limburg (relatively unknown to British businessmen) and the opportunities available there. Too often British companies, when their expansion requires a base within the Benelux countries or West Germany, settle eventually at one of the places on the short list of regions known by name to their planning staff: near Antwerp, or Rotterdam, or Amsterdam, or Dusseldorf. Yet few European regions can surpass the advantages of Limburg, and its total package of investment incentives (generous cash grants, subordinated loans, venture capital) plus its strategic location at the crossroads of the EEC, its bonded warehouse regulations, and the flexibility of the Dutch fiscal laws, make its opportunities unique.

Although the attraction of new investment is a very competitive business, Limburg does not try to switch British investment from Britain. Limburg tries only to switch some British investment from Rotterdam and Amsterdam, an aim which accords with the general investment policies of the Dutch Government. Moreover, British companies are seldom faced with the simple choice of expanding at home or establishing a new base in the Netherlands. The economic factors underlying the alternatives have too little in common. But when a British company decides to move into Continental Europe in order to secure an existing market, or to capture a new one, or to decrease transport costs, or for any other self-interest, then we hope to explain the assistance which is available in Limburg. Until that initial decision is made, we can only inform; afterwards we can, perhaps, persuade.

At the conclusion of Thursday's meeting, the chairman, the president of the Manchester Chamber of Commerce, asked the audience to remember that Manchester's success was based on trade, that its future would be based on trade, and that opportunities such as those Limburg offered must be examined by Manchester's businessmen, and exploited if they were found to be advantageous. I believe he spoke not only for Manchester, but for Britain.

(Miss) M. G. Lissone.
8, Hill Street, W1.

Service to the investor

From Mr. Michael A. Riley.

Sir, — Despite an unprecedentedly fine, honest service to the public over many decades, the building societies are under fire from unknowledgeable Socialist MPs and subject to meddling by thwarted bankers and others in the City who should know better.

The mere fact that the "movement" has managed to provide a safe, unspeculative home for funds from the small (and some large) investors, quite apart from mortgage considerations, in a turbulent world of constant, near-chaotic economies is a tribute to the balance and judgment of the managers and the Building Societies Association itself.

Gilts, Unit trusts — even U.S. funds — and shares are all volatile to a point where the small investor seeks a safe "non-political" non-speculative haven. If the MPs, bankers, and yes, the Governor of the Bank of England have their way, where indeed will the smaller investor place his funds? In the garden — buried — or under the mattress? Let the Government get the economy right and building societies will then be seen to be paragons of virtue.

Michael A. Riley.
104, Murray Avenue,
Bromley, Kent.

German lessons in industrial democracy

From Prof. R. Beresford Dew.

Sir,—"The objective is positive partnership between management and workers in the responsibility for making the firm a success." (Introduction to the White Paper on Industrial Democracy.) It is most notable that this brave statement includes no definition of what is meant by the term "success."

In Germany, on the contrary, before steps to change the balance of Board representation, a Commission, with wide terms of reference, made a comprehensive study of experience and aspirations in the management of industry.

This Commission considered the character of the representation dispute, and the arguments, as matters of principle. It examined the implications of alternatives, from such many points of view and in such terms as human dignity, the control of power, forms and structure, the decision making competence of management, participation of trade unions, the firm as an autonomous unit, its aims and purposes, problems of the legal and the social systems, competitive ability, and the value of the firm for society. There has been nothing comparable to this study in the UK.

The arguments were summarised in a splendid, clear and enlightened review, to which we have paid all too little attention (the Biendenkopf Report—it should be compulsory reading: there is an English translation). For us the most striking feature, perhaps, of all the evidence given by German trade unions is their dedication, to the profitability and the productivity of the firm: their insistence on the firm's need to accumulate capital, through profits, and on its greater efficiency, as fundamental themes.

In Germany, at the heart of things, trade unions and owners are in partnership. Having experienced state control, the German trade unions recoil from it with horror: private property rights are protected from German legislation by the German Constitution. The contrast with prevailing attitudes in the UK could not be greater.

The purpose of the German trade unions is the prosperity of their members through capitalism and profit. It is not too much to say that the purpose of the TUC appears to many to be a form of National Socialism. In the eye of the public, each trade union is now more or less tarred with this brush, in spite of the known contrary opinions of some eminent trade unionists.

The interpretation of Clause 4 of the Constitution of the British Labour Party (amended in 1972 —"The common ownership of the means of production, distribution and exchange") seems in practice to be the nationalisation of British industry; that is the dispossession by the State of the owners of our industrial companies. This outlook is the very opposite of the prevailing mood in Germany.

Moreover, during several decades all employees in Germany have been educated in the economic realities of their firms. This has been an essential preliminary for full partnership in their direction. Relatively speaking, too much publicity has been given in the UK to the influence of German workers' councils, and of two tiered board structures; and not enough to the significance of education and information.

Under the Workers Constitution Act (October 1952), every firm in Germany having 100 or more permanent workers must establish an Economics Committee. Half of its representatives must be appointed by the workers and the other half by the employer. An Economics Committee has thus been an instrument of education in every German firm, even the smallest, for a quarter of a century.

The Economics Committee must be informed of all economic matters. It has been a powerful instrument for ensuring that German workers realise the realities of economic suvival and of higher standards of living. It may be argued that the Economics Committee has been of much greater significance for this than the appointment of worker directors, compulsory in all firms, other than private firms with fewer than 500 workers, and even the better known Works Councils.

Under the Co-Determination Act (May 1971) the personal rights of workers with regard to all social, personal and economic decisions taken by the management of their companies are defined by law.

Thus, for certain categories of decisions, full information must be provided by management; in other categories, as defined by the law, decisions may not be taken without full consultation with worker representatives, and in some cases not, indeed, without their agreement.

A worker's lawful rights of participation and of information through his chosen representatives are as significant for him as the rights given by the law to the shareholder. In the UK the personal rights of workers as individuals, under the law, should surely be the focus of all our debates just now.

As things now stand in the UK to clarify what will in effect be a massive augmentation of their power with the appointment of worker representatives to the Boards of our industrial companies, each trade union should reasonably be asked for a declaration of its intentions and its dedication to the firm's economic prosperity, that is to its profitability and right to accumulate capital. Otherwise, if the basic purposes are opposed, each Board must become a house divided against itself.

The image of the public as a mass of wage earners, owning much less than workers under successful capitalism, and the elimination of private ownership, rather than a public whose members each and all have private rights, including property accumulation, must be infinitely depressing in particular for our industrial managers.

Unless owners and trade unions agree their purposes, how can they co-operate? It is this lack, or apparent lack of agreement, the threats behind it, which lies at the heart of the matter, and creates such anxieties for management. This is the reason why when every worker in Germany and the U.S., and Japan now has upwards of £25,000 of invested assets behind his elbow, a UK worker has less than £8,000, and he cannot compete.

By 1984 (was it a sick humour to propose this year?) we may well have many fewer companies still alive for our trade unions' representatives to direct, unless such agreement on purposes can be declared soon, as a matter of urgency.

R. Beresford Dew.
The University of Manchester,
Institute of Science and Technology,
PO Box 88, Manchester.

Today's Events

GENERAL

Major speech by President Carter on the attitude of U.S. Administration towards Soviet Union.

PARLIAMENTARY BUSINESS

House of Commons: Foreign affairs debate.

House of Lords: Scotland Bill, report stage. Theatres Trust Bill, second reading.

Select Committees: Nationalised Industries sub-committee B. Subject: Future of electrical supply industry. Witnesses: British Electrical and Allied Manufacturers Association. Expenditure committee, Trade and Industry sub-committees. Subject: Measures to prevent collisions of noxious cargo carriers. Witnesses: Royal Institute of Navigation and Hydrographer of the Navy.

OFFICIAL STATISTICS

UK balance of payments (1st qtr). Construction output (1st qtr).

COMPANY RESULTS

Hanson Trust (half-year). Harrisons and Crosfield (full year).

COMPANY MEETINGS

Dreamland Electrical Appliances, Great Eastern Hotel, EC, 12. Guardian Royal Exchange Assurance, 20, Aldermanbury, EC, 12. Haden Carrier, 7-12, Tavistock Square, WC, 2.30. T. C. Harrison, Sheffield, 2. John Lewis Partnership, 4, Old Cavendish Street, 12.30. Manders, Wolverhampton, 12. B. and L. Nathan, Great Eastern Hotel, EC, 12. James Neill, Sheffield, 12. Peninsular and Oriental Steam Navigation, Leadenhall Street, EC, 12. Richardsons Westgarth, St. Ermin's Hotel, SW, 12. Royco, Marlow, 11.30. Smith St. Aubyn, White Lion Court, EC, 12.30. Ward White, Hilton Hotel, W1, 12. Wight Construction, Edinburgh, 12.11.

COMPANY NEWS + COMMENT

Comet already ahead of last year's peak

FOR THE 27 weeks to March 3, 1978 Comet Radiovision Services achieved a pre-tax profit of £4.24m. This is £1.15m better than the corresponding period and £0.27m above the record last full year.

The directors say that they expect the current improved trading levels to continue, and add that the company is now in a position to take full advantage of such an improvement. They are carefully considering other areas of profitable expansion and continue to regard the future with considerable optimism.

On current trading they state that the reduction in the annual rate of inflation and the increase in disposable incomes has resulted in a return of consumer confidence. Sales have increased substantially compared with the depressed levels experienced during the same period last year.

	27 wks. 1977-78 £000	26 Wks. 1976-77 £000	Year 1976-77 £000
Turnover	66,038	48,026	92,915
Profit before tax	4,243	3,098	3,875
Tax	2,054	1,627	1,812
Net profit	2,189	1,471	2,062
Extraord. debits	—	14	46
Available	2,189	1,457	2,016

Both net assets and liquidity improved during the period under review and deferred tax and stock relief will, when implemented, add further strength to the company's reserves. A summary of the balance sheet at March 4 is given in the following table.

	Mar. 4 1978 £000	Feb. 28 1977 £000	Aug. 27 1977 £000
Fixed assets	7,025	5,530	6,553
Investments	145	—	—
Current assets:			
Stocks	11,571	12,002	21,706
Debtors	1,790	1,033	2,098
Cash at bank	8,153	3,329	4,008
Current liabilities:			
Trade creditors	10,246	9,280	22,225
Other creditors	4,031	2,444	1,932
Provision for warranties	942	761	587
Corpn. tax	121	170	110
Net current assets	5,064	4,748	4,034
Share capital	912	621	621
Reserves	3,880	3,635	4,102
Shareholders' funds	6,792	4,256	4,723
Defd. maintenance income	1,060	826	797
Defd. taxation†	7,250	5,214	5,771
Defd. taxation†	7,250	5,214	5,371

† Includes corporation tax of £3,078,000 deferred by stock relief claimed to August 27, 1977.

First half earnings per 5p share are given at 11.7p (7.9p) and the interim dividend is effectively lifted from 1.0764p to 1.31065p net, costing 119,207. The interim has been waivied in respect of 0.53m shares. A final payment the same as last year's 1.26616p (adjusted) is forecast.

● comment

At a time when volume sales of durable goods showed a small downturn, Comet Radiovision has come up with an impressive set of first half results. Profits are up 37 per cent on sales 40 per cent higher, reflecting a volume gain of around a fifth after stripping out the contribution from new stores. Comet has been gaining market share as a result of its competitive pricing policy but a subsidiary reason could be a trend towards out-of-town shopping, where the company gets half its trade. Comet's colour TV sales have been particularly buoyant as a result of static prices (there has been overstocking in the TV industry) while there has been an increasing demand for washing machines, refrigerators and music centres. The summer months are traditionally a dull period for Comet but any increase in consumer spending will obviously be a fillip. Profits of around £3.3m (£3.9m) now seem likely for the full year. Meanwhile the balance sheet shows substantially higher cash balances of £8.2m (£3.3m)—this reflects a build-up, at the expense of stocks, prior to the abortive bid for Wigfall. The shares, up 6p to a year's high of 132p, are on a prospective p/e of 9.5 (fully taxed) while the yeild is almost 3 per cent.

HIGHLIGHTS

Lex discusses the May banking figures which indicate further significant growth in the money supply. **Land Securities** results are considered with particular reference to the 21 per cent increase in property values and the change in accounting, where the company is no longer capitalising development interest. And at **De la Rue** profits are in line with expectations thanks to the strong all-round performance. **Comet Radiovisions'** interim results look very impressive against an industry background of poor durable goods sales, while at **Wedgwood**, final quarter profits show a setback of £600,000. **Carless Capel's** full-year results bear the scars of the chemical recession and **Scotcros** has been hit by a combination of difficult trading conditions and some exceptional expenditure. **James Finlay's** results are a record but of more interest Finlay is the first company to commit itself to action once dividend controls are lifted on August 1.

Elson & Robbins near £1m.

WITH SALES 33 per cent. higher at £8.69m taxable profit of Elson and Robbins rose 23 per cent. from £0.76m to £0.94m in the March 31, 1978, half-year.

And with the growth of sales continuing, the directors expect to report record sales and profits for the full year. Last year profit was a peak £1.74m.

Mr. Eric R. Keeling, the chairman, says the half-year result was brought about by the consolidation of the previous year's planning.

Profit is subject to tax of £0.44m (£0.39m) and is before a minority interest of £11,269 (nil) in respect of the 49 per cent interest in Hufcor (Partitions) taken up in October last by Henderson Doors.

Earnings per 25p share are given at 7.23p against 5.54p, and the interim dividend is lifted from 1.21p net to 1.351p costing £89,166 (£79,860). A 1.919p final was paid last year.

Mr. Keeling says the 400 sq ft of assembly and warehouse space for its subsidiary, Domestic Industrial Pressings, will be operating by September.

The group's interests include pvc foam, spring units, domestic appliance industry products, heating and ventilation products, and partitioning.

Scotcros drops to £0.63m

AFTER EXCEPTIONAL development expenditure a £360,000 taxable profit of Scotcros fell from £1.18m to £0.63m in the March 31, 1978, year on turnover of £19.53m against £19.66m.

Directors point out that there was also the withdrawal of a £57,000 employment subsidy and that interest charges rose from £52,000 to £100,000, reflecting capital spending in the UK of £1.18m and the £1.4m acquisition of the Remy companies in France.

They say that during the last quarter the group entered an exceptionally difficult trading period with shortening order books in some divisions and consequent pressure on margins. Indications are that this trend has now been reversed.

Much management attention was given in the period to group development and integration of Remy. The growth of Scotcros should therefore be resumed, they say.

A maximum permitted final of 2.4317p lifts the total from 2.903p to 3.2757p net per 25p share. Earnings per share are shown down from 9.2p to 5.1p.

● comment

Exceptional problems coupled with difficult trading conditions in the final quarter have reduced Scotcros' pre-tax profits by about 47 per cent. In packaging, provisions of £334,000 have been made for exceptional expenditure arising from production troubles with a new PVC line at Wilkie and Paul. The 65 per cent shortfall in earnings from this division also reflected problems with can-making facilities at Metropolitan Canister and the dearth in coffee tin orders in the aftermath of the recent jump in coffee prices. The food division has slipped marginally with sales of both farm supplies and wines barely maintained at 1976-77 levels. The transport division saw a sharp setback but the benefits from a substantial contract for defence equipment which was received towards the year-end should ensure some recovery in 1978. Moreover, this division has been developing its tie-up with Portland Wire and Iron Works of Oregon for the manufacture of roll-over protection equipment. Scotcros says most of the exceptional difficulties have been resolved. With the profits of newly acquired Remy Group to be consolidated this year and some benefits expected from its recent investments, the group is set to stage a strong recovery this year with an even chance of reaching £1m pre-tax again. At 69p, the shares yield 7.4 per cent on a p/e of 13.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-spending div.	Total for year	Total last year
Atkins Brothers	3.42	—	2.41	3.67	3.29
Jas. Burrough	2.97	—	—	4.29	3.9
Carless, Capel	0.55	July 25	0.49	0.92	0.83
Charter Consolidated	5.28	July 21	4.75	12.58	11.43
City of Dublin	1‖	Aug. 18	0.88	—	2.63
Comet Radiovision ...int.	1.31	Aug. 4	1.08*	—	2.34*
Consolidated Murchison int.	Nil	—	¶20	—	30
Craig & Rose	21.87	July 3	19.36	23.97	21.46
De La Rue	6.4†	Aug. 2	5.27‡	9.9	6.52‡
Eastern Transvaal	25¶	Aug. 3	20	33	25
Elson & Robbins ...int.	1.35	July 15	1.21	—	3.13
James Finlay ...2nd int.	1.05	Aug. 1	3.11	6.55	5.01
1st int.	6.45	Aug. 1	5.5	—	6.55
Hartebeestfontein Gold	175¶	Aug. 3	70	250	135
Jermyn Inv. Co.	1.59	Aug. 4	1.59	1.59	1.59
Land Securities Inv.	3.81	July 19	3.25	5.31	4.8
Parkland Textile Sec. int.	1.82	July 19	1.65	3.18	2.87
Rowton Hotels	3.69	—	3.41	6.21	5.61
Scotcros	2.43	—	2.18	3.28	2.9
Tongkah Harbour Tin int.	8§	July 27	12.5	—	27.5
Wedgwood	3.98	July 20	3.7	7.48	6.7
Westpool Investment	2.2	July 28	1.65	3.3	2.65
Zandpan Gold	29.5¶	Aug. 3	11.5	41.5	22

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ After sub-division. § Malaysian cents throughout. ¶ South African cents throughout. ‖ Gross throughout.

Finlay's peak £15.8m

ALTHOUGH second half pre-tax profits of James Finlay and Co. fell slightly from £9.4m to £8.9m, the substantial first half advance from £2.2m to £6.9m was enough to leave the 1977 full year figure some £4.3m ahead at a record £15.8m.

Turnover of this international trading and financing group improved from £53.09m to £74.41m and tax for the 12 months took £9.33m, compared with £5.73m.

Earnings per 50p stock unit are shown to have risen from 54.9p to 61.5p and a second interim dividend of 1.04515p raises the total from 5.907784p to 6.54515p. A first interim of 6.45485p in respect of 1978 is declared and in the event of a reduction in the rate of tax the adjustment will be paid with the second interim for that year. A sub-division of 50p stock units into 25p units and a scrip issue on the basis of one 25p unit for every 50p unit held is also proposed.

● comment

James Finlay's latest record result comes from the combination of historically high tea prices and excellent tea production conditions. With tea prices running at peak levels in the early part of 1977 City analysts were estimating a pre-tax figure in excess of £17m for the company. The tea price started to ease from July and this is the prime factor behind the actual pre-tax figure of £15.78m coming in below the estimates. The latest record result follows a very strong performance in 1976 and this, combined with the Government's dividend restriction policy and the decision to reduce its interest in the Indian joint venture company has resulted in a strong build-up of cash within the group. Directors have talked about using the cash to reduce group dependence on tea for profits and revenue but so far have taken no specific steps. This lack of action is starting to arouse misgivings among analysts—but maybe Finlay is now thinking of different uses for its cash. Its promise of a substantial dividend payment on August 1 makes it one of the first companies to commit itself to action the moment the current controls expire. The p/e is 5.6 and the yield is 2.9 per cent, covered 9.4 times.

City of Dublin soars

A LEAP of 87.6 per cent in taxable earnings from £154,000 to £289,000 was attained by City of Dublin Bank for the half-year to March 31, 1978, and the directors plan to raise £574,000 net from one-for-four rights issue.

Mr. Thomas Kenny, the chairman, says that the bank benefited from the stability of interest rates during the period and there was a buoyant demand for credit.

Landing increased by £4m to £18m of which about £1m related to Anglo-Irish Bank, acquired at the end of January. It is expected that this subsidiary will soon start to yield profits, he says.

Already the bank's three largest shareholders—117 Holdings (Ireland), W. P. and R. O. Holdings and Chain Properties—and the directors have indicated their intention to subscribe for their entitlements in full.

The bank maintains a high liquidity ratio and the proceeds of the issue will further enhance its ability to grasp growth opportunities and to maintain an acceptable relationship between shareholders' funds and deposits, the directors say.

Tax for the half-year took £127,000 (£67,000) leaving net profit at £162,000 (£87,000) and earnings per 25p share came out higher at 2.23p (1.21p). The gross interim dividend is raised to 1p (0.875p) costing £50,000 (£41,000) and the directors expect to pay a final of 2p.

Last year a final of 1.75p gross was paid from record profit of £426,000.

Retained earnings for the first half amounted to £112,000 (£46,000). With cash at other banks up from £4.79m to £6.52m and monies lent at £17.73m (£12.37m) net current assets totalled £24.79m (£16.83m).

Arrangements have been made with stockbrokers Dudgeon and stockbrokers Goodbody and Wilkinson for the underwriting of the rights issue of 1.8m ordinary shares at 33p and dealing will begin (nil paid) today.

Large exchange loss restrains Wedgwood

AN ADVANCE of £630,000 in taxable earnings is reported by Wedgwood, the Staffordshire-based fine bone china group, for the year to April 1, 1978, taking the total from £7.73m. to a record £8.35m.

Interest charges down by £781,000 at £245,000 helped the group, but there were exchange losses of almost £770,000, against profits last time topping £1.24m.

Over the current trading period directors are predicting a good year as long as there are no further major upsets in exchange rates and inflation is held down.

At the nine-month stage when profit was up from £5.11m to £6.27m, Sir Arthur Bryan, the chairman, said that, provided the dollar did not deteriorate further, the directors still expected to achieve their budgeted profit at full-time.

Sales for the year were 23 per cent. higher at £73.4m (£59.5m) and the directors say sales overseas were "somewhat affected" by exchange movements, but amounted to 58 per cent of the group's total sales.

Home market sales of the company were buoyant until the fourth quarter which was disappointing, especially when compared with the exceptionally good result of that period last year.

North America and Europe also showed good gains and even Australia, despite its economic difficulties, had a satisfactory year for sales, they state.

Earnings per 25p share are shown lower at 35.2p (37.8p) and the net final dividend is raised from 3.7p to 3.98p, taking the total dividend to the maximum allowed, 7.48p (6.7p) costing £1.4m (£1.1m).

With tax down from £2m to £1.8m, net profit emerged at £6.55m (£5.72m) and extraordinary items up from £114,000 to £1.55m comprising a provision for possible exchange loss on Swiss loans of £1.17m (£320,000) and exchange adjustments in the translation of net current assets changed from a gain of £206,000 to a loss of £380,000.

Including £5.72m (£5.13m) loans and provisions total capital employed at year end was up at £42.4m (£33.35m) and net current assets were better at £20.11m (£15.9m). Net assets came out at 195.8p (184.6p) per share.

● comment

Final quarter profits at Wedgwood dipped from £2.6m to £2m and year end results showing profits only 8 per cent ahead sent the shares tumbling 11p yesterday. The company blames poor trading in the home market during the last three months and with sales highly vulnerable to tourist demand the weak dollar is clearly the chief culprit. The same factor has hit exports (58 per cent of Wedgwood products) and profits from the American company have been particularly badly affected. After the twin benefits of jubilee fervour in June and price rises last July, margins have been hit in the second half, falling from 15.6 per cent in the last three months of the year to April 1, 1977, to 11.1 per cent in the last quarter this time. Prices in North America went up at the start of the current year while the UK side will feel the benefit of rises again in July. Wedgwood's purchase for shares last year of investment trust SPR Investments is responsible for the lower interest charges and in fact helps mask a reduction in operating profits from the rest of the business. At 221p the shares stand on a p/e of 6.2 and yield 5.2 per cent.

Carless Capel falls £2m

REFLECTING A downturn in industrial activity which has reduced margins, pre-tax profit of Carless Capel and Leonard fell from £2.05m to £2.03m in the March 31, 1978, year.

This is in line with forecasts made at halfway when profits down from £1.55m to £1.32m were reported. Directors now say that the grgoup was, however, able to maintain its position in markets served by the manufacturing and operating subsidiaries.

Turnover for the year was ahead from £31.54m to £32.56m and the result is before tax of £0.61m (£0.77m) and extraordinary debits of £30,000 (£204,000).

Directors say the group is strong financially and has adequate capacity to take advantage of an upturn in activity when it occurs.

It retains an interest in block 21/2 in the UK North Sea where oil and gas discoveries have been made and where a delineation well is likely to be drilled this year. In the fifth round they were granted a licence for block 13/13, a well rated prospect, where they have a 7.5 per cent interest.

They are making encouraging progress on-shore in southern England where they expect to drill an exploration well this year. In addition the results from their new oil and gas production and exploration ventures in the U.S. are proving "very satisfactory." There are plans for further expansion in this area.

Earnings per 10p share are shown at 3.6p (5.5p) and the final dividend of 0.5529p net lifts the total for the year from 0.825p to 0.9214p. Retained profit came out at £1.03m (£1.64m).

Comparative figures have been restated following a change in accounting policy. No provision is now being made for tax deferred by reason of stock relief.

● comment

Carless' results bear the scars of the recession in the chemicals sector. Second half turnover is lower by 5 per cent and after a 2½ point drop in margins to 5.3 per cent pre-tax profits are lower by a third. The third quarter was the worst hit. Profits from the new European venture were also reduced. In 1976-77 the development of selling specialist chemicals on the continent produced profits in the region of £100,000 but last year the cost of setting up a full sales operation overseas cut the profits from this venture to a very small figure. This year that operation should make a better return while in the UK there is some hope that solvent prices may rise. Carless has 40 per cent of the UK solvents market and solvents account for around 80 per cent of total profits. Meanwhile, the company's new stake in gas production in the U.S.—$850,000 was invested last March—will make a positive contribution to profits. Overall some recovery in profits can be expected this year, and longer term Carless is relying on its newer ventures to establish profits growth. At 34p the shares look fully valued with a p/e of 9.3 and yield of 4.2 per cent but the North Sea stake adds some speculative spice.

Parkland Textile

WITH TAXABLE earnings better at £1.29m, against £1.14m, in the second half Parkland Textile (Holdings), worsted manufacturers, lifted profit for the year to March 3, 1978, 27 per cent from £1.81m to a record £2.31m.

In November the directors said that order books were satisfactory but margins were still not as large as they should have been to cover risks and necessary capital requirements. They forecast a surplus in the second six months at least equal to the first half performance.

Earnings per 25p share improved to 28.5p (17.38p) and the net total dividend is stepped up to the maximum permitted 3.17623p (2.86875p) with a second interim of 1.815p. If the tax rate is reduced a payment will be made with the next interim to maintain the dividend at the maximum.

The tax charge was £795,050 (£687,883), comprised entirely of deferred tax relating to stock relief, and the net balance came out at £1.51m (£1.13m).

To the group's profit its wholly owned subsidiary Smith Bulmer and Co. contributed a record £385,568 (£355,343) pre-tax earnings on sales up from £5.35m, to £5.7m.

Craig & Rose

FOR THE year 1977, profits of Craig and Rose have risen by £24,445 to £252,483, on a turnover ahead £592,953 to £3,327,144. The company makes paints and varnishes, and acts as wallpaper merchants.

After tax of £119,260 (£122,832), net profit came out at £183,214 (£103,186) for earnings of 129.71p (101.68p) per £1 share. A final dividend of 21.87p is recommended, for a total of 23.07p net, against 21.46p.

Atkins Brothers

INCLUDING £260,080 received as a temporary employment subsidy and after charging some £85,000 from the closure of operations of a subsidiary, pre-tax profit of Atkins Brothers (Hosiery) increased from £509,100 to £631,742 in the March 31, 1978 year.

Turnover jumped from £8.68m to £10.26m. At halfway profit was doubled to £265,606.

Directors say most divisions are reasonably busy and they are optimistic regarding autumn trading despite the generally depressed position of textiles worldwide.

After tax of £324,828 (£276,188) net profit was £306,914 (£232,912). A final dividend of 2.423p takes the total to a maximum permitted 3.673p (3.289p) net per 25p share.

ISSUE NEWS

Yearlings leap to 10¼%

The coupon rate on this week's batch of local authority yearling bonds has jumped from 9¾ per cent to 10¼ per cent. Issued at par, they are due on June 13, 1979.

The last time the coupon rate was above 10 per cent was in April last year.

The issues are: Copeland Borough Council (£0.5m), Hart District Council (£0.5m), Strathclyde Regional Council (£1m), London Borough of Wandsworth (£0.5m), Cotswold District Council (£0.25m), Inverness District Council (£0.5m), Newbury District Council (£0.25m), Northamptonshire County Council (£0.75m), Oldham Metropolitan District Council (£1m), Borough of Sunderland (£1m), City of Dundee District Council (£0.5m), Renfrew District Council (£1m), Metropolitan Borough of Sandwell (£1m), City of Manchester (£0.5m), Hambleton District Council (£0.5m), Amber Valley District Council (£0.25m), Lew Valley District Council (£0.15m), Cumbernauld and Kilsyth District Council (£0.25m), Inverclyde District Council (£1m), Inverness District Council (£0.5m), Wigtown District Council (£0.5m) and Lochaber District Council (£0.25m).

Mole Valley District Council is raising £0.25m and Salisbury District Council £0.5m by the issue of 11¼ per cent bonds due on June 4, 1980 while Rochford District Council has placed £0.25m bonds, at a rate of 11¼ per cent, due on June 3, 1981, all at par.

Variable rate bonds dated June 1, 1983 have been issued by Havant Borough Council (£0.5m).

RIGHTS RESULT

Wellco Holdings announces that Ordinary shareholders have taken up 82.7 per cent of the 2,887,757 new Ordinary shares offered by way of rights on the basis of four for every 11 shares held at the close of business on April 28, 1978.

De La Rue presses ahead to over £28m

[T]HE[W] RESHAPED De La Rue [C]ompany achieved further pro[gr]ess in the year to March 31, [19]78, following on its enormous [g]rowth in the previous 12 months. [W]ith all activities contributing [a]nd including the results of [F]ormica International last time, [g]roup taxable earnings climbed from £24.44m to a record £28.34m [w]ith £16.42m, against £16.03m, [co]ming in the second half.

After interest of £770,000 [(£]3.47m) trading profit reached [£2]4.25m (£19.53m) representing [a]n improved margin of 22 per cent [(]11.3 per cent) on sales down [£]52.8m at £110.12m. However after [th]e contribution from FIL is [s]tripped out of last year's figures [sa]les indicate an increase from [£9]0.2m and profit up from £23.11m.

Now Sir Arthur Norman, the [c]hairman, says that "the Board's [c]onfidence that the company, in [it]s new cohesive shape and with [it]s clear new identity, is fully [c]apable of sustaining and im[p]roving upon its present soundly [b]ased position is as great as ever."

He says that order books in [g]eneral are at an encouraging [l]evel and, given a reasonable [e]conomic and social environment [i]n the UK within which to [o]perate, the directors expect the [g]roup will show continued [p]rogress.

They are also to keep looking [fo]r opportunities either by acqui[si]tion or organic development, to [e]xtend the range of the company's [c]apability in its chosen fields.

Stated earnings per 25p share [e]merged at 54.5p compared with [4]6.9p, excluding the results of FIL, [o]r 37p including these figures. As [f]orecast at the time of the Novem[b]er rights issue the net total divi[d]end is stepped up to 9.9p [(]6.518065p equivalent after sub[d]ivision) with a final of 6.4p. If [t]he tax rate is cut to 33 per cent [a] further payment of 0.096976p [w]ill be paid with interim for 1978-[1]979.

Adjusted in line with the Hyde [g]uidelines profit for the year [w]ould have been reduced to [£]23.7m. The tax charge has been [a]djusted in accordance with ED 19 [o]n deferred tax.

Though interest is reported as [a] payment in net terms the group [r]eceived £390,000 interest. At year [e]nd cash resources showed a net [d]ecrease of £11.18m (£15.51m) and [t]otal funds employed were up [f]rom £58.02m to £86.31m with loans [a]mounting to £6.3m (£4.01m).

The rights issued realised £8.7m [a]nd the initial £2m payment due [f]or the sale of the group's 60 per [c]ent interest in FIL to American [C]yanamid Co. was received in April [1]977, and a further £1.15m was [r]eceived in April this year. The [b]alance of £8.45m is to be received [b]etween 1979 and 1982. Bank [l]oans and overdrafts were up at [£]6.1m (£5m) and bank balances [a]mounted to £24.7m.

Sales and trading profit of the [c]ompany's two main activities [w]ere split as to: security printing, [t]ransport and ancillary services [£]89.7m (£77.1m) and £21.4m (£17.4m) and graphics £20.4m (£18.1m) and £2.5m (£0.6m).

Without FIL's figures exports from the UK, including sales to subsidiaries, rose from £62m to £78m. There was strong demand for the products and services of the security business and the graphics business lifted exports from £10m to £15m. Total exports and overseas sales amounted to £86m—78 per cent of group turnover.

Capital investment in land, buildings, plant and equipment amounted to £8.8m. This was less than the £10.2m expected at the time of the rights issue mainly because of delays in delivery of capital equipment.

The company will continue to invest in the profitable enterprises in which it is now engaged and £14m has been earmarked in the budget for the current year for this purpose, Sir Arthur says.

Spending on research and development and design reached £2.4m (£1.8m) during the year and the directors expect to spend in excess of £3m in 1978-79.

Stocks at the end of the year were 23 per cent higher at £20.6m. The major part of this increase was in the graphics division and arose as a result of the rapid expansion in the business, particularly in the area of new products. Money due to the group from customers and other sources showed a marked increase from £31m to £39m—26 per cent.

All divisions of the security side of the business have had a good year in terms of both volume and of profitability. The banknote business which accounts for 40 per cent of sales and half of profits improved on its outstanding performance in 1976/77 in spite of the absence this time of any contracts of an exceptional nature. The new plant in Malta reached full production.

A heavy capital expenditure programme, implemented at Thomas De La Rue during the year, will be continued during the current year, with the emphasis on replacement of obsolescent equipment, in particular at the main plant in Gateshead.

The division's current order book is healthy and margins are being maintained, largely due to product improvements.

The UK security/systems print side produced a record result, partly as the consequence of product rationalisation in recent years and partly because of particularly heavy business in bond printing for the London market.

The joint enterprise in Ireland, De La Rue Smurfit produced a modest profit, and the international services activity surpassed its performance in 1976/77 in meeting world demand for security products of various kinds, including again a considerable quantity of coins in collaboration with the Royal Mint.

A heavy programme of new product development is being maintained. The 9100 system for sorting used banknotes is attracting great interest worldwide and deliveries of production units will start in the current year. With other new counting and dispensing products being launched this year, prospects for the business remain highly promising, says Sir Arthur.

In a particularly difficult trading year the Security Express division improved, but the cash-in-transit business had a hard time, with margins suffering as the result of intense competition and rising costs.

The Crosfield Electronics division pushed turnover up by 60 per cent.

The division has started the current year with its order books again at record levels and is therefore viewing its immediate prospects with confidence.

By agreement with the Nigerian Federal Military Government, the company's stake in the Nigerian Security Printing and Minting Company is being reduced from 40 per cent to 25 per cent. It is planned that this change will be effected by the introduction of additional equity by the government without any subscription on the group's part. For a number of temporary and local reasons this company traded slightly less profitably in 1977/78.

	1978 £000	†1977 £000	‡1977 £000
Sales	110.122	90.195	172.920
UK	24.619	19.631	39.758
Export	68.369	56.149	60.634
Overseas	17.134	12.415	72.528
Trading profit	25.019	19.985	22.099
Interest	770	889	3.407
Share of assocs.	4.091	4.396	4.906
Pre-tax profit	28.340	23.106	24.438
Tax	8.379	10.036	11.153
Net profit	19.961	13.070	13.285
To minorities	354	189	362
Extraord. credits§	912	*534	*580
Attributable	20.517	12.343	12.343
Dividends	3.660	2.268	2.268
Retained	16.857	10.075	10.075

* Debits † Excluding Formica International results ‡ Results as published. § Comprising mainly net gains of £991,000 due to fluctuations in exchange rates and £105,000 proceeds of sales from the stamp collection, less a debit of £162,000 arising from a reduction in holding in an associate.

See Lex

LANDSIT up to £26.3m

ON TOTAL income of £64.5m against £59.67m taxable profit of Land Securities Investment Trust climbed from £21.36m to £26.31m in the March 31, 1978 year.

Net rents and interest receivable in the period were £46.81m (£43.56m), and interest payable £20.51m (£22.04m). After tax of £9.77m (£8.86m) net income from investment properties advanced from £12.66m to £16.63m.

After pre-tax outgoings for development properties of £7.89m (£9.57m) and tax relief of £4.1m (£4.98m), income available for distribution was £12.85m compared with £12.66m last year after a £4.59m transfer from the capital reserve. This practice has been discontinued with development outgoings of £3.78m for the year written off as incurred.

An open market valuation on a representative sample of properties as at March 31, 1978 revealed a 21.8 per cent rise in the value of properties, although the valuers pointed out that yields eased after March 31.

Directors say the aggregate value of properties owned by the group was £826.62m with investment properties comprising £774.08m. Incorporating these values net assets amounted to £476.37m, which without adjustment for tax payable in the event of future sales, amounts to a fully diluted asset value per 50p share of 225p.

Earnings per share based on income from investment properties is shown at 8.61p (7.9p) basic and 7.84p (6.71p) fully diluted. Based in available income earnings are given at 6.65p basic and 6.31p diluted.

A final dividend of 3.80952p takes the total to 5.30952p net against 4.604p last time. If the tax rate is reduced a supplementary final will be paid.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Hanson Trust, McCorquodale, Sterling Trust, United Spring and Steel.
Finals—Anderson's Rubber, Eva Industries, Harrisons and Crosfield, Oceana Development Investment Trust, "The Times" Veneer, Westbrick Products.

FUTURE DATES

Interims—	
Allied Breweries	June 26
Blundell-Permoglaze	June 2[illegible]
Castlefield (Klang) Rubber Estate	June 12
Killinghall (Rubber) Development	June 15
Finals—	
BPB Industries	June 23
British Tar Products	June 13
Carding Group	June 9
Chamberlain Phipps	June 16
Continuous Stationery	June 14
Dartmouth Investments	June 8
Downing (G. H.)	July 4
Fertleman (B.)	July 7
Finance and Industrial Trust	June 9
GEI International	June 13
Leech (William) Builders	June 15
Plysu	June 12
Seapa	June 2[illegible]
W.G.I.	June 12
Woodhead (Jonas)	June 16

BERTRAMS TRIMS LOSS TO £74,997

Despite turnover dipping from £1.13m to £0.99m the loss at Bertrams in the April 2, 1978 half year was trimmed from £90,300 to £74,997.

Again no interim dividend is to be paid. For all last year the group loss was £0.24m. Dividends of 1.85p net per 25p share were last paid in 1974-75 when a £0.31m profit was achieved.

Lee Cooper to expand licensee activities

The directors of Lee Cooper plan to substantially increase the activities of the licensee division in the coming year, Mr. H. C. Cooper, the chairman says in his annual statement.

The division has entered further agreements with Tunisia, Greece and Cyprus for the sale of Lee Cooper merchandise and negotiations with further licensees have reached an advanced stage and it is hoped that these will be finalised in the current year.

Mr. Cooper says that despite the economic depression throughout Europe the current year's trading has so far been most satisfactory and further worthwhile increases in turnover are anticipated. Profit margins are expected to remain acceptable.

Bank of England permission has been received to form companies in Switzerland and Greece. The Swiss companies will permit a more centralised and efficient trading organisation, Mr. Cooper says, while the manufacturing plant now being built in Greece is in anticipation of that country joining the EEC in due course.

As reported on May 17 pre-tax profit of the group rose to £3.7m in the December 31, 1977 nine months against the £2.5m earned in the previous 12 months.

At balance date net current assets were up from £3.56m to £5.34m and fixed assets were £6.14m (£5.77m).

Meeting, Cafe Royal, W, June 28 at noon.

MINING NEWS

Profits rise steadily at Charter

BY PAUL CHEESERIGHT

CHARTER CONSOLIDATED, the London arm of Anglo American, the South African mining finance house, yesterday declared a final dividend to give shareholders the maximum they may expect under current legislation.

The final for the year ending last March is 5.27645p, making a total distribution for the period of 12.57795p compared with 11.4345p in 1976-77.

Net profits for the year showed an increase broadly in line with expectations, moving up to £28.7m. from £22.59m in the preceding financial year.

But the group remains troubled by the weight of extraordinary items which were £21.66m, compared with £9.22m in 1976-77, covering provisions against Cleveland Potash, the investment in Botswana RST and the net effect of currency provisions.

This means that instead of transferring £2.19m to the reserves, as was the case in 1976-77, there is a deficit of £4.9m.

The continued difficulties at Cleveland Potash, which is running below breakeven point and at some 40 per cent of capacity, has led Charter to provide £7.5m against its investment. This is the first of three elements among the extraordinary items.

The second is a provision of £6m against the investment in Botswana RST, which reflects the operating losses of the Selebi-Pikwe nickel-copper venture, and follows a restructuring of the operation's finances.

	1978 £000	1977 £000
Investment income	21,054	18,581
Surplus on investments	5,790	2,375
Trading profit	18,065	18,936
Making	44,909	39,892
Admin., etc. expenditure	3,412	3,674
Prospecting expenditure	961	823
Interest paid	4,082	3,031
Leaving	36,394	32,362
Share of associates	6,693	6,369
Profit before tax	43,087	38,731
Taxation	14,387	16,134
Net profits	28,700	22,597
Minorities	3,265	3,320
Attributable	25,435	19,277
Earnings per share	24.26p	18.40p
Dividends	8,703	7,865
Profit retained before extraordinary items	16,732	11,412
Extraordinary items	21,661	9,230
Deficit transferred to res.	4,929	2,182†

† 1977 surplus.

The third is a deficit of £8.2m on currency movements. The strength of the pound in the later part of the financial year against the U.S. and Canadian dollars, and the additional liability on a foreign loan because of the depreciation of the pound against the Deutschemark, contributed to the deficit.

But there have been events working to Charter's advantage as far as investments are concerned. Income rose to £21.05m from £18.58m in 1976-77, helped by the payment of a special interim by Anglo American, where the group's stake is 6 per cent, and higher dividends from Anglo American Investment Trust, which gains a large portion of its revenue from De Beers Consolidated. The Charter stake is 10 per cent.

The surplus on the realisation of investments was more than doubled to £5.79m. on the back of generally higher Stock Exchange prices and the improved market for gold shares.

Trading profits, however, were £871,000 down at £18.06m after the slight downturn at Cape Industries, although the group absorbed five months of profits from M. K. Refrigeration, a recent acquisition.

The results did not create much excitement on the markets, and the shares finished unchanged on balance at 136p, after 133p.

Harties final

EXPECTATIONS OF a more liberal dividend policy at Hartebeestfontein Gold, which is part of the South African Anglovaal group, were amply fulfilled when yesterday, it declared a final of 175 cents.

This brings its total distribution for the year to June to 250 cents, compared with 155 cents in 1976-77.

Zandpan, whose mining operation was bought by Harties in 1972, declared a final of 29.5 cents, making its total for the year 41.5 cents, nearly double the 22 cents paid in 1976-77. Its estimated profit for the year was R5.44m, compared with an actual profit of R5.4m the previous year.

But, elsewhere in the group, Consolidated Murchison is passing its interim dividend. In 1977 it paid a total of 30 cents and in 1976 140 cents. The company has been adversely affected by reduced antimony sales.

Yesterday Harties shares were £13, and Consolidated Murchison were 230p.

Offer for Inspiration

TWO ANGLO-AMERICAN units, Hudson Bay Mining and Smelting and Minorco are making a bid of $33 (£18.12) cash for each share in Inspiration Consolidated Copper of the U.S. they do not already own, it was announced in Toronto yesterday.

Between them, Hudbay and Minorco already have 40 per cent of the outstanding common stock, bought in 1975 for $37 a share. The current bid values the balance of the common stock at $68m (£37.4m).

The relevant documents have been filed with the authorities in Maine and New Jersey, where officials will require at least 20 days to ponder the tender.

Anaconda, now an Atlantic Richfield subsidiary, owns 20 per cent. of Inspiration. It was originally offered $30 a share, but rejected this as inadequate, although it said it would review its position if a tender was made.

Inspiration's directors have not yet made any recommendation to their shareholders about the Hudbay and Minorco offer.

The object of all the attention is an old-established U.S. company, first incorporated in 1911. It has copper properties in Arizona and also produces modest amounts of gold, silver and selenium.

Hudbay's centre of copper operations is at Flin Flon in Canada, while Minorco's copper interests stretch into Africa.

In London yesterday, Minorco shares rose sharply to close 8p higher at a year's high of 190p in response to aggressive U.S. buying.

Wage rise for white miners in South Africa

A WAGE AWARD of 6 per cent on standard rates has been agreed by the South African Chamber of Mines and the Council of Mining Unions, which represents some 22,000 white mineworkers in gold mines and collieries, reports **Quentin Peel from Johannesburg.**

The award, which also provides for increases in service increments to benefit longer serving workers, and back pay rises of R40 (£25.30) a month for May and June, was made by a statutory conciliation board after the two sides had declared a dispute.

It falls far short of the union's original 17 per cent claim, and is considerably closer to the Chamber's first 4 four cent offer.

The deal represents a considerable success for the Chamber which had argued that costs in the industry had increased at an unacceptably fast rate in recent years, without any increase in productivity.

The unions were seeking a rise which would match the 11 per cent. increase in the cost of living, and make up for the shortfall last year, when they won an award of only 5 per cent. The unions also argued that the big increase in the gold price over the past year meant that the Chamber could afford a more generous offer.

The negotiations represent the first round for the Chamber of Mines, which must now conclude deals with some 16,000 white officials, and 400,000 black workers. Black wages have risen at a faster rate than white in recent years, although the difference has not been great, and the absolute gap has actually increased.

Fluorspar hope for Southland

SOUTHLAND MINING of Sydney has received a favourable appraisal of its Pianciano fluorspar deposit, 42 km north-west of Rome, from B. L. Hodge and Partners. The report takes a stage further the attempts to bring the deposit to production.

Hodge concludes that output costs, estimated at $32.67 per tonne of metspor, are relatively lower "bearing in mind the high quality of the product." With an annual output of 200,000 tonnes there are sufficient reserves for a project life of 16 years.

Various groups have been looking at Pianciano for 20 years but have tended to lose interest because of problems with the beneficiation of the ore. Southland became involved in 1971 and has sought to apply new techniques to the deposit.

"In spite of previous scepticism in various quarters, a commercially viable process with a unique flowsheet has been developed and proved on a pilot plant scale for beneficiation of the extremely fine grained ore to produce metspar pellets containing at least 80 per cent fluorite, less than 4 per cent silica and less than 0.3 per cent total sulphur," states the Hodge appraisal.

Proven reserves at Pianciano are 7.78m tonnes of ore with an average fluorite grade of 43.88 per cent. The tonnage is present in an almost horizontal seam, and is suitable for opencast mining.

Hodge recommends that the mining operation should be carried out under contract, but adds "it is imperative that strict and expert control should be exercised in order to ensure that the requirements relating to ore blending are consistently met."

MINING BRIEFS

SAINT PIRAN GROUP—Production of tin concentrates for May: United Kingdom (tonnes treated 20,737) 219 tonnes (79 per cent tin metal), Malaysia 19 tonnes, Thailand 31 tonnes. April, 170, 19 and 34 tonnes respectively.

Westpool at peak £0.42m

On total revenue ahead from £522,280 to £594,399 Westpool Investment Trust shows taxable revenue up at a peak £424,178, against £323,547. Net asset value per 25p share improved from 131.4p to 146.5p or, on a fully diluted basis, from 128.4p to 141.1p.

Earnings are stated at 3.58p (2.78p) and a net final dividend of 2.3p lifts the total to 3.3p (2.65p).

Revenue was struck after expenses and interest amounting to £170,221 (£198,733) and tax took £150,861 (£111,415) leaving a net balance of £273,317 (£212,132).

COMPANY NEWS IN BRIEF

BULMER AND LUMB—Results for the year ended April 2, 1978, reported on May 19 with chairman's observation on prospects. Group fixed assets £4.24m (£3.89m). Net current assets £2.74m (£2.36m)—cash £787,451 (£5,258) and overdraft nil (£789,541). Current cost profit before tax £1.83m (£0.99m), after additional depreciation £387,000 (£227,000) cost of sales £29,000 (£289,000) and gearing adjustment £53,000 (£76,000). Meeting, Bradford, June 23, at noon.

JOHN CROWTHER GROUP—Results for 1977 reported June 1. Group fixed assets £2.08m (£2m), net current assets £0.30m (£0.78m). Chairman says there is no reason for pessimism for 1978. Meeting, Huddersfield, June 28 at noon.

DHANAI HOLDINGS—Accounts for 1977 will be published in July or August. Delay due to usual difficulty experienced by most companies in obtaining the necessary information from Bangladesh.

DUTTON-FORSHAW GROUP—Results for 1977 reported May 19 with chairman's remarks on prospects. Group fixed assets £14.31m (£12.16m). Net current assets £10.77m (£7.83m)—overdrafts £3.16m (£6.55m). Net increase in borrowings at year end was £1.65m (£0.75m). Meeting Park Lane Hotel, W, June 15, at noon.

EAST SURREY WATER COMPANY—Results already known. Auditors have qualified accounts, saying it is not possible to form an opinion as to the adequacy of the £1.13m balance of the renewal and contingency fund, or the amount transferred to it in the March 25, 1978 year. Fixed assets £13.89m (£12.3m), current assets £1.33m (£1.72m), current liabilities £1.01m (£0.87m). EGM called immediately after AGM to increase borrowing powers. Meeting, Redhill, June 22, at 10.30 am.

EXECUTEX CLOTHES—Results for 1977 reported April 25. Group fixed assets £752,021 (£526,337). Current assets £612,022 (£298,209) and liabilities £707,585 (£284,937). Meeting, Leeds, June 27, at 11.30 a.m.

FASHION AND GENERAL INVESTMENT (subsidiary of Scottish and Mercantile Investment)—Results for the year ended March 31, 1978, reported May 23. Group investments £2,090,378 (£2,086,851), value £2,543,241 (£2,764,091). Meeting, Winchester House, EC, June 22, at noon.

FLIGHT REFUELLING—Results for the year 1977 already known. Indications are that the upward trend in profits will be maintained in the current year. Group fixed assets £1.66m (£1.51m). Net current assets £4.98m (£5.37m). Decrease in liquid funds at the year end £60,000 (£861,000 increase). Meeting Painters Hall, EC, June 28, at noon.

LUIS GORDON GROUP—Results for 1977 and chairman's remarks on prospects reported on May 19. Group fixed assets £739,000 (£831,000). Net current assets £1.20m (£1.13m)—overdrafts £5.73m (£7.26m). Current cost loss before tax £51,000, after additional depreciation £47,000, cost of sales adjustment £171,000 and gearing adjustment £159,000. Meeting, Caxton Hall, SW, July 6 at noon.

HEADLAM SIMS AND COGGINS—Results to January 31, 1978, reported May 18. Group fixed assets £0.31m (£0.15m), net current assets £0.84m (£0.59m). Further profit gains expected this year. Meeting, 5, Albemarle Street, W, June 30, at 11 a.m.

KELSEY INDUSTRIES—In results published profits were given at £225,243 after all charges including tax, for six months to March 31, 1978. This figure was arrived at after deducting preference dividend amounting to £76,800 (nil) but including interest received of £27,936 (£76,065) and minorities.

JERMYN INVESTMENT COMPANY—Pre-tax profit £30,995 (£33,681) for November 15, 1977 year. Tax £16,185 (£17,643). Earnings per 25p share 1.48p (1.60p). Dividend 1.38681p (same).

OUTWICH INVESTMENT TRUST—Results, for the year ended March 31, 1978, reported May 23. Investments £38.49m (£34.03m), unrealised appreciation £14.75m (£13.44m). Meeting, 39, Leadenhall Street, EC, June 26 at 2.30 pm.

PRIEST MARIANS HOLDINGS (merchants)—For eight months to December 31, 1977 sales £358,000 (£341,600). Pre-tax profit £17,500 (£15,100). Realised profits on investment £5,700 (loss £2,700). Taxation charge for full year not expected to exceed £5,000. Chairman reports further progress in period to year end, and results for year are likely to show around £34,000 before tax including profits on investments of about £11,000. At April 30, value of investments slightly exceeded their cost of £140,550, and reserves will be increased by release of extraordinary provisions totalling £18,950.

SEARS ENGINEERING—Results for 1977 already known. Fixed assets £32.68m (£23.58m), current assets £104.48m (£93.84m), current liabilities £74.15m (£63.9m). Meeting, 40, Duke Street, W., June 27 at 11.15 am.

SOUTHERN CONSTRUCTIONS (HOLDINGS)—Results 1977 and chairman's remarks on prospects reported on May 6. Group fixed assets £1.48m (£1.41m)—overdrafts £1.36m (£0.40m). Work in progress totalled £2.3m (£2.1m). Auditor's point out that realisation of the group's book value of the group's investment in work-in-progress is dependent on the continuing availability of credit facilities. Mr. Charles Mitchell has resigned as chairman and has been succeeded by Mr. J. M. G. Andrews. Meeting Portsmouth, June 21 at noon.

TRUST UNION—Results year to March 31, 1978, reported May 25. UK investments £26.23m (£20.48m) overseas £7.14m (£8.05m), net current assets £1.29m (£1.36m). Decrease in uninvested funds £53,000 (£373,000). New £2m five-year loan negotiated May 1977. As at year-end Industrial and General Trust held 39 per cent of equity. Meeting, Winchester House, EC, June 28, at 2.30 pm.

Newman Inds. in good position

THE ORDER position of Newman Industries, the electric motor specialist, is good and should remain so during the current year, states Mr. Alan Bartlett, the chairman.

Most of the group's products relate to growth industries throughout the world while its overseas marketing subsidiaries are well established both in sophisticated and developing markets, he adds.

As reported on May 12 group pre-tax profit rose from £1,649,000 to a record £4,012,000 in 1977. With treasury permission following last October's rights issue the dividend is lifted from 3.168p to [illegible]p per 25p share.

Group turnover rose by 37 per cent to £45.13m and overseas sales by 63 per cent to £25.6m. Pre-tax profit includes a contribution of £400,000 resulting from the acquisition of the outstanding shares of Dover Engineering.

Despite considerable expansion in activity throughout the group it has been possible to reduce indebtedness and strengthen working capital. This trend was maintained in the early part of 1978 by the sale of two subsidiaries which further reduced the bank current account overdrafts by about £2m.

It was recognised in 1977 that the group structure while effective for financial and budgetary control could inhibit policy decisions and accordingly a divisional structure was introduced.

This, while designed to maintain the profit centre concept clearly identifies the business represented by a number of companies. It is still at an early stage of evolution but already indicates considerable promise, says the chairman.

A note to the accounts states: leading counsel has advised that the action started in 1978 by the Prudential Assurance Company on its own behalf and claiming to act for all other shareholders should be vigorously defended and that the claim for rescission is not likely to succeed. The action claims that an agreement dated June 3, 1975 made between the company and TPG Investments (completed on July 29, 1975) should be rescinded with the consequential return by TPG of the purchase price of £325,000.

A list of the directors and family share interests in the group shows that the chairman and Mr. J. K. Laughton had a joint interest in 1,127,262 ordinary shares.

The UK remuneration of the chairman is shown at £33,800 (£33,309) and in addition he was paid £13,041 by an overseas subsidiary.

Meeting, Bristol, July 3 at noon.

Sabah well placed for expansion

Liquid resources of the *Sabah Timber Company* at the end of December 1977 totalled £4.17m which places the group in a good position to respond to opportunities of growth as well as to any improvement in trading conditions, states Mr. J. McLeod, the chairman.

Since the end of 1977 five additions have been made to the group. Although individually not very large, together they represent a useful extension to the group's distribution network in timber and general building supplies. Mr. McLeod reports that other prospects are under negotiation or study, with the emphasis on the merchanting sector. At the same time the group continues to broaden the supply base of existing units.

Group pre-tax profits of this Harrisons and Crosfield offshoot declined from £9.69m to £7.04m in 1977.

The chairman explains that in the Eastern sector adverse weather conditions affected production from the concession in Sabah, which at 8.7m cubic feet was down by 11 per cent. Log prices at the beginning of 1977 were at a very low level and after a brief rally in March and April fell back in the remaining months of the year.

Royalties to the Sabah Government amounted to £1.76m and because of the nature of such payments the effect on profitability in 1977 was particularly severe.

Following spending cuts announced in earlier years 1977 was another period of low activity in the UK construction industry

FS Assurance launches income bond

FS ASSURANCE, the Glasgow-based life company, has launched a new guaranteed income bond, which can also be used as a growth bond, yielding 8¼ per cent net of basic rate tax.

The contract takes the form of a single premium endowment assurance — terms three, four or five years, with guaranteed bonuses added to the plan at the rate of 8¼ per cent per annum. The investor can either cash in these bonuses at the end of each year, thereby providing the guaranteed income, or leave them to roll up thereby ensuring guaranteed growth.

This is the first time that the company has marketed a guaranteed income bond. Previously, it had confined itself to a guaranteed growth plan only. Now it has extended its range offering investors the choice of growth or income within the same contract. The minimum investment is £1,000 and the maximum amount £30,000.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks	May 17, 1978 £m	Change on month £m
Eligible liabilities		
U.K. banks		
London clearing banks	24,937	+251
Scottish clearing banks	2,707	+ 49
Northern Ireland banks	841	+ 15
Accepting houses	1,906	− 16
Other	6,461	+134
Overseas banks		
American banks	4,140	+149
Japanese banks	263	—
Other overseas banks	2,996	+ 22
Consortium banks	245	+ 7
Total eligible liabilities*	44,496	+613
Reserve assets		
U.K. banks		
London clearing banks	3,348	+ 90
Scottish clearing banks	363	+ 10
Northern Ireland banks	118	− 1
Accepting houses	288	− 2
Other	887	+ 7
Overseas banks		
American banks	613	+ 18
Japanese banks	40	+ 3
Other overseas banks	489	− 40
Consortium banks	49	+ 3
Total reserve assets	6,195	+ 87
Constitution of total reserve assets		
Balances with Bank of England	351	− 4
Money at call:		
Discount market	3,339	+ 37
Other	216	− 30
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	918	+ 75
Other bills:		
Local authority	118	+ 18
Commercial	755	− 11
British Government stocks with one year or less to final maturity	498	+ 2
Other	—	—
Total reserve assets	6,195	+ 87
Ratios %		
U.K. banks		
London clearing banks	13.4	+ 0.2
Scottish clearing banks	13.4	+ 0.1
Northern Ireland banks	14.0	− 0.4
Accepting houses	15.1	—
Other	13.7	− 0.3
Overseas banks		
American banks	14.8	− 0.1
Japanese banks	15.2	+ 1.2
Other overseas banks	16.3	− 1.5
Consortium banks	19.9	+ 0.1
Combined ratio	13.9	—
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	328	+315
2—Finance houses		
Eligible liabilities	341	+ 16
Reserve assets	35.3	+ 1.8
Ratio (%)	10.4	—

Special deposits at May 17 were £1,284m (up £38m) for banks and £10m (unchanged) for finance houses. * Interest-bearing eligible liabilities were £30,096m (up £707m).

London Clearing Banks' balances

as at May 17, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m.	£m.	Change on month £m.	£m.
LIABILITIES				
Sterling deposits:				
U.K. banking sector	4,462		−572	
U.K. private sector	26,400		+201	
U.K. public sector	617		− 49	
Overseas residents	2,153		− 3	
Certificates of deposit	2,364	35,997	+ 24	−399
of which: Sight		15,103		−321
Time (inc. CD's)		20,894		− 78
Foreign currency deposits:				
U.K. banking sector	3,665		+117	
Other U.K. residents	1,184		+122	
Overseas residents	11,018		+296	
Certificates of deposit	1,128	16,996	− 28	+508
Total deposits		52,993		+109
Other liabilities*		8,786		+ 98
TOTAL LIABILITIES		61,778		+207
ASSETS				
Sterling				
Cash and balances with Bank of England		1,111		+ 5
Market loans:				
Discount market	2,141		+ 60	
U.K. banks	5,237		−411	
Certificates of deposit	860		−178	
Local authorities	1,303		− 29	
Other	332	9,884	−120	−678
Bills:				
Treasury bills	354		+ 10	
Other bills	945	1,298	− 83	− 73
Special deposits with Bank of England		852		+ 26
Investments:				
British Government stocks	2,273		+ 10	
Other	1,432	3,705	+ 10	+ 20
Advances:				
U.K. private sector	18,227		+307	
U.K. public sector	159		− 52	
Overseas residents	3,094	21,480	+ 79	+333
Other sterling assets*		5,383		− 46
Foreign currencies				
Market loans:				
U.K. banks and discount market	3,428		+127	
Certificates of deposit	330		− 19	
Other	6,888	10,646	+146	+254
Bills		56		+ 7
Advances:				
U.K. private sector	2,213		+143	
U.K. public sector	1,129		+ 11	
Overseas residents	3,126	6,468	+ 75	+229
Other foreign currency assets*		894		+120
TOTAL ASSETS		61,778		+207
Acceptances		260		− 25

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	WILLIAMS & GLYN'S Change on month £m.
LIABILITIES												
Total deposits	52,993	+109	14,463	+221	9,830	−412	11,353	+165	15,652	+142	1,695	− 7
ASSETS												
Cash and balances with Bank of England	1,111	+ 5	366	+ 52	176	− 64	213	− 31	338	+ 53	20	− 4
Market loans:												
U.K. banks and discount market	10,806	−225	2,769	+ 51	2,342	−398	1,933	+138	3,454	− 1	308	− 15
Other	9,723	−200	2,579	− 59	2,679	+ 7	1,509	−119	2,636	− 20	302	− 8
Bills	1,354	− 65	265	− 1	108	− 24	560	− 75	398	+ 30	24	+ 5
Special deposits with Bank of England	852	+ 26	237	+ 3	118	+ 2	197	+ 11	253	+ 8	26	+ 1
British Government stocks	2,273	+ 10	510	+ 4	437	—	406	+ 6	805	+ 1	115	—
Advances	27,948	+583	8,069	+104	4,136	+ 98	6,628	+232	8,130	+108	984	+ 21

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Outstanding	TOTAL Change	BARCLAYS Outstanding	BARCLAYS Change	LLOYDS Outstanding	LLOYDS Change	MIDLAND Outstanding	MIDLAND Change	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change	WILLIAMS & GLYN'S Outstanding	WILLIAMS & GLYN'S Change
Eligible liabilities	24,798	+253	7,570	+214	3,581	+ 42	6,170	− 6	6,623	− 4	854	+ 7
Reserve assets	3,330	+ 94	1,025	+ 72	448	− 5	843	− 15	906	+ 41	108	− 1
Reserve ratio (%)	13.4	+ 0.2	13.5	+ 0.6	12.5	− 0.3	13.7	− 0.2	13.7	+ 0.6	12.7	− 0.2

BIDS AND DEALS

St. Piran has nearly 30% of Monk

Tin mining and property development group, Saint Piran, has acquired a further 190,000 shares in A. Monk and Co., taking its total stake to 3,235,000 shares or 29.95 per cent of Monk's capital. Saint Piran can buy only a very few further shares without triggering a takeover bid under the City Takeover Code.

Saint Piran's chairman, Mr. W. J. Shaw, was not available for comment last night but the company secretary, Mr. V. E. Skinner, said that the acquisition of the additional shares did not mean a change in strategy by Piran.

He said that the holding was still only an investment and that there was no intention of making a bid.

Monk's chairman, Mr. W. S. Whittingham, said last night that there had been no discussions with Piran since the acquisition of the latest parcel. "They told us in January that they weren't going to make a bid," he said. "We can't understand it at all."

The Piran buying operation has been underway for almost a year. When the interest reached around 20 per cent earlier this year Piran made an unsuccessful bid to have a director elected to the Monk Board.

REDMAN HEENAN BID 'TOTALLY UNACCEPTABLE'

As expected, the board of Spooner Industries has rejected the £2.4m bid from Redman Heenan, describing it as "completely inadequate and totally unacceptable."

A detailed statement giving the reasons for this conclusion will be circulated after the formal offer documents have been posted on behalf of Redman Heenan.

Meantime, shareholders are strongly advised by their board to take no action regarding their shareholding and, in particular, not to sign any documents sent to them by or on behalf of Redman Heenan.

Germans go ahead with Newey offer

William Prym-Werke KG has today received *irrevocable undertakings* to accept the proposed offer in respect of 457,233 ordinary shares of Newey Group, representing 18.7 per cent of the ordinary capital. Accordingly, the precondition to Prym's proposed offer having been satisfied, Prym's cash offer of 65p per share for the ordinary shares of Newey not already owned will now proceed, subject to the terms and conditions already announced.

Prym currently owns 608,665 ordinary of Newey which, together with the 457,233 for which irrevocable undertakings have now been received, represent 43.5 per cent of the capital.

Morgan Grenfell will post the formal offer documents to the holders as soon as practicable.

M. W. Marshall buys American company

M. W. Marshall Investments, holding company of leading money brokers M. W. Marshall, has completed the acquisition of Lasser Brothers of New York for a share consideration worth something over £1.1m.

Mr. John Barkshire, chairman of Marshall, said yesterday: "We believe it makes us the biggest broking company in North America." The 560,000 shares issued in payment for Lasser Brothers represent 23 per cent of the enlarged capital. Shares of Marshall, which is not quoted, have exchanged hands in recent years at £2 or more each. On this basis, the whole company is valued at more than £4.9m.

The advantage of the deal is that it gives Marshall a very strong presence in the growing New York market, not to mention an office in San Francisco and the justified claim "we never close." The strengths of Lasser Brothers in New York are in Eurocurrencies and Federal funds. Lasser is therefore a good fit for Marshall, said Mr. Barkshire, which is strongest on Foreign exchange.

As the biggest broker resident in the U.K., Marshall has for some time been a possible candidate for flotation on the Stock Exchange. Mr. Barkshire said yesterday: "It must be a possibility at some time in the future." Prior to the acquisition, Electra Investment Trust held 19½ per cent of Marshall. About half the company is owned by directors and staff.

WOOD ST. MILL

Wood Street Mill Co., textile waste spinners and manufacturers, of Bury, has been informed that an offer is to be made for its capital. The Board considers this to be "totally inadequate."

The bid comes from Seniorlink, a company controlled by Mr. David M. J. O'Brien, which has already acquired more than 100,000 shares out of the capital of 1,041,600 shares of 15p each. Advised by Charterhouse Japhet, the Board of Wood Street Mill tells shareholders to take no action pending a further announcement.

A & W UNIONS TALK TODAY

A delegation of chemical industry trade union officials and shop stewards from Albright and Wilson are holding talks today with the Office of Fair Trading to voice opposition to the proposed takeover bid by Tenneco.

The Board of Albright and its adviser Hill Samuel have already said that the £97m cash offer is inadequate.

Mr. Roger Lyons, national chemical officer of the Association of Scientific Technical and Managerial Staffs, one of the members of the delegation, called yesterday for consultation with Albright employees, customers and the local communities (where the company's plants are based) before the acquisition is allowed.

The takeover of the UK's second largest chemical company would be contrary to the Government's industrial strategy, he said.

OWEN OWEN

Agreement has been reached in principle for the purchase by Owen Owen of Suters, which operates two department stores at Slough and Uxbridge.

Formal contracts will shortly be exchanged, when further details will be announced.

HME goes unconditional

BY JAMES BARTHOLOMEW

Harrisons and Crosfield's offer for Harrisons Malaysian Estates has gone unconditional after receipt of an ideal level of acceptances.

H and C had achieved 31.9 per cent acceptances at the first closing date on Monday afternoon. These, added to shares already owned by H and C, represent 59.2 per cent of the company and further acceptances were coming in yesterday.

Allowing for, say, a further 10 per cent or so acceptances which might come in before the offer is finally closed, this level suits H and C admirably. This is because a high proportion of the non-acceptors are the Far Eastern holders and if HME retains a large Malaysian shareholding then the company will be some way towards satisfying the Government's "Malaysianisation" programme.

The market in HME shares changed yesterday after the announcement that the bid was unconditional. The non-assented HME shares rose to a premium over the assented shares of about 4p. The non-assented shares middle price towards the close was about 97p and the assented about 92p.

Although several institutional shareholders wanted the offer to succeed, some of them still want a direct stake in HME as a pure plantations company which several Far Eastern brokers expect to attract a higher rating when it moves its residence to Malaysia in due course.

On the other hand, H and C is believed to want a good margin over 50 per cent of HME so that the further inevitable allocation of shares to local residents will not take away the control it has just consolidated.

It appears that of the major shareholders, M and G has accepted for most of its 8 per cent holding, while Genting Highland has not accepted for its 12 per cent holding. Rothschild with about 2 per cent is thought to have not accepted for the time being.

H and C has decided not to give notice of a final close to the offer in 14 days, because it wants to give more time to the thousands of personal investors to get in their acceptances if they wish to.

WACE SALE

Wace Group has sold its 65 per cent interest in Gainsborough Press to E. T. Heron and Co., of which two ex-directors of Wace are directors and have a substantial interest. The price was £23,400. Wace bought its stake in December 1976 at a cost of £16,965. The transaction provides for the repayment of Wace's loan in the company of £48,368, and the consideration and loan totalling £71,768 are payable as to £38,000 on exchange of contracts (received June 5) and the balance by two instalments on June 5, 1979 and June 5, 1980.

BIRMINGHAM AND MIDLAND COUNTIES

Birmingham and Midland Counties Trust, has sold its subsidiary, Lockwood, Blagden and Crawshaw, to Pilkington Brothers for £1m cash.

Sales of dolomite from Lockwood's to Pilkington's represents the majority of Lockwood's turnover. The sale to Pilkington's, however, will not result in any redundancies.

HILLARDS COMPLETES

Following the preliminary announcement made on May 8, it is confirmed that Hillards, the Leeds-based supermarket group, has purchased from Key Markets Limited, a subsidiary of Fitch Lovell, the leases, equipment, fixtures and fittings of a chain of 17 retail shops in London and south-east England, for £1.05m in cash, plus £1.01m for the stocks.

These shops formed the major part of the KD Discount Division of Key Markets, and have a total selling area of 75,000 sq ft, with units varying in size from 3,000 to 6,500 sq ft. In addition to the 17 shops, Hillards acquired from Key Markets leasehold warehouse accommodation of over 30,000 sq ft.

WALKER SONS (UK)

Acceptances of Anglo Indonesian Corporation's offer for Walker Sons and Co. (UK) have been received in respect of £377,820 ordinary stock (83.96 per cent) and £78,965 preference stock (54.86 per cent).

Both offers are unconditional and remain open.

ASSOCIATES DEALS

Seligman Rayner has recently bought 7,500 W. Henshall and Sons (Addlestone) at 25p, 32,500 at 26p and 50,000 at 25½p on behalf of Petford, which now owns more than 5 per cent of the capital.

Baring Bros. bought 25,000 Harrisons Malaysian Estates at 88p for discretionary investment clients. Also 985 Harrisons and Crosfield at 487½p for a discretionary investment client.

Rowe and Pitman, Hurst-Brown bought for a discretionary client 468 Thomas Tilling at 119p.

Hoare Govett bought 2,500 Spooner Industries at 65p on behalf of Hambros Bank acting for Redman Heenan.

Central & Sheerwood sees more growth

INDICATIONS are that 1978 will show further record results for Central and Sheerwood and Mr. Francis Singer, chairman, feels that the group is well set to continue its progress and prosperity for the years ahead.

During the year a number of projects, including the walking dragline, will make their first contribution to profits. Smaller acquisitions are constantly being considered and the directors would also consider a major transaction should a suitable opportunity occur.

In the year 1977 group pre-tax profits expanded from £3.34m to £4.71m, with earnings per share rising from 4.92p to 6.32p.

Net tangible assets increased from £14.56m to £16.50m. Liquidity improved considerably during the year—net short term borrowings were reduced from £4.12m to £0.97m.

Despite the problems of the British Motor Car industry the Dunn Group offshoot, which specialises in the production of high quality non-ferrous diecasting, made further progress. Its export business is expanding and promises continuous growth for years ahead.

Trianco Redfyre which has a significant share of the solid fuel domestic oil and central heating boiler market had a good year after a thorough reorganisation and made a significant contribution to profit. Dawson MMP, the hospital sterilising and catering equipment makers, was running at a profit towards the end of the year. The chairman says that this group is well set to become a significant force in a market which up to now has relied far too much on imported equipment.

Newton Chambers Engineering had an excellent year with profits rising steeply. Photopia has lived up to its expectations at the time of the offer and the chairman feels that its consistent growth record will continue.

The scope for the group's financial services is expanding and further growth is expected.

The pre-tax profit adjusted in accordance with the Hyde guidelines is shown at £2.87m, after additional depreciation £0.95m., cost of sales adjustment £1.33m, less gearing £0.44m. The directors say that they have considerable reservations as to benefits to be derived from the publication of these figures.

Meeting Hyde Park Hotel, S.W., June 28 at noon.

Fall in dollar hits Burrough

MAINLY REFLECTING the reduction in the value of the dollar, pre-tax profits of James Burrough, the Beefeater gin distilling group, declined from £3.22m. to £3.12m. in the year ended February 28, 1978. Turnover improved from £24.17m to £23.82m.

A second interim dividend of 2.97p is declared taking the total up from 3.9p to 4.29p. Burrough is a public but unquoted concern.

Scottish Heritable sees growth

The arrangement to buy further shares in Trans-Continental Carpets and the acquisition of City Estates will have a beneficial effect on 1978 profits at Scottish Heritable Trust, Mr. A. Cochrane Duncan, the chairman, says in his annual statement. He is confident group profits will show a further increase in the year.

He says Trans-Continental has been trading well and that by December 31, 1978, it will be at least 50.6 per cent owned. The group intends taking up its option at May 1, 1979, to make the company a wholly owned subsidiary. It will make a substantially improved contribution to 1978 profits, he says.

The acquisition in May this year of City Estates, a residential property company in Glasgow, has enabled the group's property division to replenish its stock of residential property.

Current trading in all group divisions is buoyant, with the exception of the motor supplies operations, which remain disappointing.

In 1977 pre-tax profit of Scottish Heritable improved from £0.54m to £0.57m.

Meeting, Glasgow, June 28 at noon.

Record at Rowton Hotels

A RECORD pre-tax profit of £0.95m against £0.69m was achieved by Rowton Hotels in 1977 on turnover ahead from £3.42m to £3.95m.

The result includes non-trading profits largely from investment portfolio realisations of £111,402 (£2,670). At half-time profit was up from £0.27m to £0.36m.

Mr. W. B. Harris, the chairman, says that the three London hotels and the Mill Hotel in Suffolk had a most successful year. Occupancy in its London hostels remained at a high level.

For the current year, after a slow start directors expect a busy year, he says. However, the company has yet to complete the modernisation of its vacant office space or to find tenants.

Profit is subject to tax of £0.47m (£0.34m). Last year there were extraordinary credits of £0.47m.

The final dividend of 3.6975517p takes the total from 5.6090933p to 6.2072368p net per 25p share.

British Syphon improves

THE SLACKNESS in demand for cooling equipment at British Syphon Industries has continued into 1978 and is bound to offset to some extent the increased activity in other parts of the group, Mr. J. R. Eardley, the chairman, says in his annual review.

The group is, however, trading at a higher level than in the second half of 1977 when a depressed £0.42m was earned, and Mr Eardley trusts that this improvement will continue throughout the remainder of the year.

Last year while demand for cooling equipment from in the brewing industry was lower, the group's market penetration was increased.

Efforts were also made to increase exports, resulting in a 37 per cent increase to £0.84m. The costs involved were considerable and the real benefits will only be felt in the future as markets develop, Mr. Eardley says.

Mr. J. Coull, the managing director, says the expansion of the dispense equipment division facilities which began in 1976 continued last year with the acquisition of further production area. This is due to come on stream this year.

The engineering division will also benefit in the future from greatly improved facilities although the local and national shortage of skilled engineering manpower which continued last year may limit growth in the division in the near future.

Completion of the revision of systems and the broadening of the product base as a prelude to further expansion in the merchanting division coincided with increased demand in the closing months of 1977 and this is likely to be sustained this year.

As well as increased activity in materials handling and storage products, franchises have been negotiated for new plastic materials which should have wide demand in the future.

At year end net current assets of the group were up from £2.12m to £3.04m. Industrial and Commercial Finance Corporation and one of its associates is a substantial shareholder with 849,122 shares, and is also a major lender to the group.

SCOTTISH NORTHERN

Scottish Northern Investment Trust has renewed its loan of U.S.$ 3.5m from Clydesdale Bank for three months with effect from June 6. The rates of interest is 9⅞ per cent.

NORTH AMERICAN NEWS

Recovery at Campbell Industries

By Our Financial Staff

SAN DIEGO, June 6.

IN A SERIES of related announcements, Campbell Industries, a shipbuilding concern that has been trying to work itself out of past financial difficulties, said it has restructured its bank and trade debt and received an increased bank credit line. The company also said it expects to report that it broke even for the year ended March 31, compared with a year-earlier loss of $6.9m.

But Campbell also said that because of its inability to obtain performance bonding and subsequent construction financing, it has had to cancel orders placed for it to build 14 tuna boats valued at about $70m.

Mr. Paul I. Stevens, the president, said that Campbell could not obtain the bonding because of losses suffered on other shipbuilding contracts.

When Campbell completes three other ships currently under contract along with two tug and supply boats, the company and its lenders will be in a position to re-evaluate Campbell's new ship construction programme. "We hope that Campbell can then pick up on mutually acceptable terms some or all of the 14 orders we had to cancel," he added.

Under the terms of the debt restructuring, Campbell agreed to repay immediately 38 per cent of about $8m in trade and bank debt whose due date had been extended under an agreement worked out in February 1977. Campbell said it has paid its 184 trade creditors $1m and Security Pacific National Bank, a unit of Security Pacific Corporation $1.6m. It still owes trade creditors $1.7m and the bank $3.1m. The remaining debt will be paid in instalments with a final payment of $2.3m due on April 15, 1981. Interest will be paid quarterly at the rate of prime plus 1.5 per cent and the principal amount will be secured by Campbell's fixed assets.

It currently appears that results for the year will be approximately a break-even situation, said Mr. Stevens. Campbell will make a fourth-quarter loss of $1.5m to $2m on the tug and supply boat contract, which will be somewhat offset by profits from other operations. For the nine months ended December 31, Campbell reported net income of $658,000 or 88 cents a share after an extraordinary credit of $394,000.

Campbell Industries common stock, which was suspended in New York at $6.75 on Monday, re-opened at $5.25-$5.75 yesterday.

AP-DJ

Pharaon bids for stake in Texas petroleum group

BY JOHN WYLES

NEW York June 6.

SAUDI ARABIAN businessman Mr Ghaith Pharaon, who last week made a $12.3m tender offer for a 60 per cent stake in the National Bank of Georgia, is considering a $10.5m investment in a Texas petroleum company.

Mr. Pharaon is a shadowy 37-year-old entrepreneur whose investments in the last 18 months include land in Louisiana and membership of a group which took a controlling interest last August in the Main Bank of Houston. Since then he attracted attention as the intended purchaser of more than half of the 17 per cent stake in the National Bank of Georgia held by Mr. Bert Lance, the President's former Budget Director.

A condition of that deal was the general tender offer for 60 per cent of the bank's stock which was made last week.

Mr. Pharaon is clearly bent on expanding his interests in the sunbelt, for his Houston lawyer, Mr. Frank van Court, today announced that the Saudi Arabian was considering making a tender offer for a minimum of 500,000 shares of the common stock of OKC Corporation at a price of about $21 a share. This would give him a 12 per cent holding in the Dallas-based company whose main interest is the refining and transport of petroleum, but which also manufactures cement and manages real estate.

A spokesman for the company said today that it did not intend to oppose the proposed tender offer, which meets Mr. Pharaon's condition for proceeding.

OKC's shares were suspended from trading on the New York Stock Exchange this morning, but its closing price last night was $18¼. The company earned $8m ($2.10 per share) in 1977 on sales of $167.1m.

According to Mr. van Court, Mr. Pharaon also owns 38 per cent of Sam P. Wallaco a Dallas mechanical contracting company, and 20 per cent of Main Bank in Houston. Mr. Pharaon lives in Jeddah and, according to other sources, is the son of Rashed, special adviser to King Khaled of Saudi Arabia.

NJ casino off to a flying start

BY DAVID LASCELLES

NEW YORK, June 6.

AS IF ANYONE doubted it would, the first legal casino in the U.S. outside the State of Nevada which opened in Atlantic City, New Jersey, ten days ago, made a sizable "win" of nearly $½m a day during its first six days of operation.

According to a report to the State Casino Control Commission by the casino's owner, Resorts International, the brand new facility raked in over $2.6m in the period—$1.5m of it from slot machines and th erest from gaming and roulette tables.

This is considerably more than the annual revenue of some $100m, which had been widely projected for the casino. But the period covered by the report included the hectic opening week-end when people queued several hours to get in to try their luck. There was also the Memorial Day bank holiday which brought extra business.

Net "win" represents the company's gross revenues from gaming operations before costs and tax. But in addition, Resorts International will have been making money out of the other services it provides at the casino, such as catering, accommodation, and car parking.

In short, Resorts stands to earn a good return on its $50m investment, which was only made possible by the State of New Jersey's decision to become the second State after Nevada to permit casino gambling.

Resorts was so quick off the mark that it will be up to a year before any of the competing casinos open for business. Meanwhile, Resorts reported today that construction of an extension to the casino will be finished on June 16, increasing its size by 60 per cent, including space for 410 slot machines and 62 gaming tables.

FASB defends new oil accounting

NEW YORK, June 6.

ASSUMING an uncharacteristically aggressive stance, the U.S. Financial Accounting Standards Board (FASB) has made public a strong rebuttal to opponents of its controversial ruling on accounting for the costs of searching for and developing oil and gas fields.

For months the FASB, which is the rule-making body for the accounting profession, has been at odds with many small and medium-sized oil and gas producers over its ruling last December that the oil industry uniformly adopt the "successful-efforts" method of accounting for such costs. The strong opposition is threatening the agency's authority and, in the words of one opponent, its "prestige and very survival."

Faced with this situation, FASB officials have released the Board's comment on testimony before the Securities and Exchange Commission in 12 days of public hearings on FASB Statement No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies."

The SEC is considering whether to endorse the FASB ruling in favour of the successful-efforts accounting method and held hearings on that subject during the past three months.

Under the method, oil and gas producers are required to charge dry holes and other exploration costs against current income in the year they are incurred. It contrasts with the "full-cost" method which allows exploration outlays to be amortised over the life of oil and gas reserves.

Many smaller oil and gas companies have preferred the full-cost method because their exploration costs generally are high relative to their reserves. Thus, for many of them a switch to successful-efforts accounting could mean a sharp drop in profits, or even substantial reported losses.

As a result, the opponents assert, they would be prevented from raising the capital needed for exploration efforts.

In its 266-page rebuttal, which was submitted to the SEC, the standards board said that its staff had analysed disclosures about the impact of its Statement No. 19 that were included in the financial statements of 294 companies, as required by the SEC.

AP-DJ

Societe Generale in Montreal

By Robert Gibbens

MONTREAL, June 6.

THE CANADIAN affiliate of Société Générale, France's third largest bank, yesterday officially opened its Montreal head office and made clear that it is stepping closer to becoming a fully-fledged Canadian trust bank. This will be possible for foreign banking operations in Canada, under the proposed new Bank Act. Foreign banks will be able to become fully chartered with a maximum of five branches in Canada. The Canadian affiliate, Société Générale (Canada) Inc., plans branches in Toronto, Calgary, and Vancouver by the the year end.

The company already has a leasing company jointly owned with the Banque Canadienne Nationale, Montreal. The French bank said that the prospect of participating in large-scale projects such as the Alaska Highway Gas Pipeline had led it to expand its Canadian operations. The Canadian subsidiary will apply for full banking status once the new Bank Act is passed. It is buying out BCN's interest in the leasing company.

The Canadian affiliate now has assets of around Canadian $100m. In its expanded operation, it will not compete in retail banking but will concentrate on offering a full range of services to the corporate clients, including leasing, loans and project financing, with the emphasis on mining and energy projects.

Dresdner may seek full status

By Our Own Correspondent

MONTREAL, June 6.

THE DRESDNER BANK of West Germany expects to decide in "four weeks" whether to remain a representative type operation in Canada or to apply for full banking status under the proposed new Bank Act in Canada, says Dr. Manfred Meier-Preschany, a managing director of the parent, now visiting Canada.

He said Dresdner is eager to help finance Canadian resource projects including the Canadian section of the Alaska gas pipeline.

However, West Germans look for a more stable dollar before investment flows are stepped up. If the bank expands in Canada—it has a representative office in Toronto — this would probably take place in the west he added.

CANADIAN INTERNATIONAL PAPER

Coming in from the cold

BY A SPECIAL CORRESPONDENT IN TORONTO

LONG REGARDED as the nearly invisible giant of the Canadian forest products industry, Canadian International Paper, of Montreal seems to be emerging from its self-enforced exile from industry activities, en route to a new identity as a full-fledged corporate citizen of Quebec.

CIP has been described as the largest forest products company in the world that does not disclose its production figures, its sales volume or earnings. The giant subsidiary of International Paper of New York, the world's number one paper company, is believed to have sales in the vicinity of $750m a year.

It is not unusual for the Canadian subsidiaries of U.S. corporations to keep their figures to themselves, and sales and earnings are generally lumped in with those of the parent.

CIP has been different in that its officers have not been publicly involved in industry affairs, and the company itself has kept aloof from the media and financial analysts.

The Montreal publication, Canadian Paper Analyst, said that "concern, sometimes bordering on paranoia, about U.S. anti-trust laws, seems to afflict CIP officials, and this restricts its involvement in Canadian industry affairs."

A new willingness to talk, and to become involved in industry affairs — even to comment obliquely on the volatile Quebec political scene — has been taken by some observers as the possible preliminary to a much greater role in the industry, perhaps even to selling shares in the Canadian company to the public.

CIP quite readily admits that it has had a "low profile" posture and that it is seeking a change. It has even appointed a director of communications, a bilingual French Canadian.

The company has long flirted with the idea of going public in Canada and first discussed the idea in 1971. Taken in the context of the current political scene, this gives observers lots of latitude in which to speculate about its new-found candour.

If the company is going to go public, even a few years down the road, it should be more visible and should develop a set of relationships in the investment community and media.

The invisible giant of the Canadian forest products industry is showing a new willingness to talk which could indicate that it is on the road to making a public offer for sale.

Also observers feel that as one of the largest employers in Quebec, CIP should not stand aloof while the province re-examines its role with the rest of Canada. CIP has some fence-mending to do in this regard dating back to 1972 when it decided to close down a sulphite pulp mill in Temiscaming at a cost of several hundred jobs.

The Quebec government of the day had to come to the mill's rescue, which through a fortunate series of events, turned out to be successful. But why couldn't CIP have done it, if an outside group could? And why choose that time to let ill-feeling break out into the open, in a dispute with former employees over ownership of wood previously cut on the mill's timber limits?

It was seen as a classic case of the unfeeling foreign corporation even though CIP has brought billions of dollars into Canada, especially Quebec. CIP may feel that old wound could fester unless it makes some constructive move to cement relationships with the Government.

In a recent and rare interview, Mr. C. S. Flenniken, CIP president, talked about working closely with the Government in developing guidelines on forest management. "We should be able to work with Government so that they know and essentially approve the plans we have for the next year, for the next five years, even 10 years."

He also expressed his optimism that whatever happened politically in Quebec, the pulp and paper industry will stay healthy and there will be an industrial environment in which people and companies will want to invest.

That amounted to a vote of confidence by CIP in the government, and any company that makes such a statement can only be regarded with warmth in the province's legislature.

The company's interest about going public is said to have even gone so far as the beginnings of preparing a prospectus in 1976. According to Canadian Paper Analyst, it backed out either on account of market conditions or "parental cold feet."

It is still not a closed book and Mr. Flenniken confirmed that it is in someways a continuing consideration. There is no policy that says CIP will be owned 100 per cent by IP "now and forever more."

EUROBONDS

Dollar sector rise continues

BY MARY CAMPBELL

MONDAY'S pick-up in dollar bond prices continued apace yesterday, with rises of up to half a point being recorded. Thus the NatWest issue, for example, rose a quarter of a point to 99¼/¾, Canadair by half a point to 97¾/8¼ and Ontario Hydro also by a half to 97¼/8.

While a proportion of the recovery is attributed to professional short-covering, dealers say that other factors included the improvement in the U.S. bond market and the lack of new issues on offer, which might have prompted those buying bonds to turn to the secondary market.

Another factor cited was the recovery of the dollar on the foreign exchange market, particularly on Monday against the Swiss franc. Having closed on Friday at Sw frs 1.8819 to the dollar, the rate closed yesterday at Sw frs 1.9135.

One new issue has been launched—a placement of $22m for seven years (bullet) for Norske Industribank under Norwegian state guarantee. The issue, for which UBS (Securities) is lead manager, will be sold through a limited selling group but without underwriters (apart from the managers). The coupon will be 8¾ per cent and the issue price par.

Francis Ghiles adds: The private placement of $140m worth of bonds over 14 years, which forms part of the $350m fund raising operation for Algeria's national oil company, Sonatrach, and which is being co-ordinated by Credit Lyonnaise, has just been signed.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96½	97½
AMEV 8pc 1987	96	96½
Australia 8½pc 1992	92½	93½
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8½pc 1992	93½	96½
Bowater 9½pc 1992	97½	95½
Can. N. Railway 8½pc 1986	93½	96½
Credit National 8½pc 1986	96½	97
Denmark 8½pc 1984	96½	[illegible]
ECS 9pc 1993	95½	99½
ECS 8½pc 1997	94½	95
EIB 8½pc 1992	97½	93½
EMI 9½pc 1989	98½	99
Ericsson 8½pc 1989	95½	96½
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8½pc 1984	97½	98½
Hamersley 9½pc 1992	99½	100½
Hydro Quebec 9pc 1992	95	93½
ICI 8½pc 1987	96½	97½
ISE Canada 9pc 1986	103½	104½
Macmillan Bloedel 9pc 1992	94½	95½
Massey Ferguson 9½pc '91	97½	98½
Michelin 9½pc 1988	100½	101½
Midland Int. Fin. 8½pc '92	95½	96½
National Coal Bd. 8pc 1987	94½	95
National Wstmnstr. 9pc '86	99½	100½
Newfoundland 9pc 1989	98½	99
Nordic Inv. Bk. 8½pc 1988	97	97½
Norges Kom. Bk. 8½pc 1992	94	96½
Norpipe 8½pc 1989	96	96½
Norsk Hydro 8½pc 1992	95½	96½
Oslo 9pc 1988	99	99½
Ports Autonomes 9pc 1991	98	98½
Prov. Quebec 9pc 1995	93½	94½
Prov. Saskatchwn. 8½pc '86	95	96½
Reed International 9pc 1987	93	95
RHM 9pc 1992	93½	94
Selection Trust 8½pc 1989	90½	91½
Skand. Enskilda 9pc 1991	97½	98
SEF 8pc 1987	92½	93½
Sweden (K'dom) 8½pc 1987	94½	95
United Biscuits 9pc 1989	93½	99
Volvo 8pc 1987 March	93½	94
NOTES		
Australia 7½pc 1984	94	94½
Bell Canada 7½pc 1987	95	95½
Br. Columbia Hyd. 7½pc '85	93	93½
Can. Pac. 8½pc 1984	97½	95
Dow Chemical 8pc 1986	98½	98
ECS 7½pc 1982	95½	96
ECS 8½pc 1989	94½	95½
EEC 7½pc 1982	95½	96
EEC 7½pc 1984	94½	95½
Enso Gutzeit 8½pc 1984	96½	97½
Gotaverken 7½pc 1982	96	96½
Kockums 8pc 1983	97	97½
Michelin 8½pc 1983	99	99½
Montreal Urban 8½pc 1981	99½	100
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	99½	100
New Zealand 8½pc 1986	96½	97
Nordic Inv. Bk. 7½pc 1984	94½	95½
Norsk Hydro 7½pc 1982	96	96½
Norway 7½pc 1982	[illegible]	95½
Ontario Hydro 8pc 1987	94	94½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	99	99½
Sweden (K'dom) 7½pc 1982	95½	96
Swedish State Co. 7½pc '82	96	96½
Telmex 9½pc 1984	99½	99½
Tenneco 7½pc 1987 May	92½	93½
Volkswagen 7½pc 1987	93½	94½
STERLING BONDS		
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	89½	90½
Courtaulds 9½pc 1989	87½	88½
ECS 9½pc 1989	93½	94½
EIB 9½pc 1988	93½	94½
EIB 9½pc 1992	92½	93½
Finance for Ind. 9½pc 1987	93½	89½
Finance for Ind. 10pc 1989	90½	91½
Fisons 10½pc 1987	93½	94½
Gestetner 11pc 1988	91	92
INA 10pc 1988	89½	90½
Rowntree 10½pc 1988	87½	88½
Sears 10½pc 1988	88½	89½
Total Oil 9½pc 1984	90½	91½
DM BONDS		
Asian Dev. Bank 5½pc 1988	96½	97½
BNDE 6½pc 1986	96½	97½
Canada 4½pc 1983	98	98½
Den Norske Id. Bk. 6pc '90	99½	100
Deutsche Bank 4½pc 1983	98	98½
ECS 5½pc 1990	95½	96½
EIB 5½pc 1990	95½	96
Elf Aquitaine 5½pc 1988	95	95½
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	98	98½
Forsmarks 5½pc 1990	98	98½
Mexico 6pc 1985	95½	96½
Norcem 5½pc 1989	100	100½
Norway 4½pc 1983	99½	100
Norway 4½pc 1983	97½	98
PK Banken 5½pc 1988	96	96½
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5½pc 1988	95	95½
Spain 6pc 1988	95½	96½
Trondheim 5½pc 1988	97	97½
TVO Power Co. 6pc 1988	97½	98½
Venezuela 6pc 1988	97½	98
World Bank 5½pc 1990	98	98½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99½	100½
BFCE 1984 8½pc	99½	100
BNP 1983 8¹¹⁄₁₆pc	100½	100½
BQE Worms 1985	99	99½
CCF 1985 8½pc	98½	99½
CGMF 1984 8¹¹⁄₁₆pc	99½	100½
Creditanstalt 1984 8½pc	99½	100
DG Bank 1982 7¹³⁄₁₆pc	100½	100½
GZB 1981 8¹⁄₁₆pc	100½	101
Intl. Westminster 1984 8pc	99½	99½
Lloyds 1983 8¹⁵⁄₁₆pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1987 8⁹⁄₁₆pc	99½	100½
Nat. Westminster Bk. 1990	99½	99½
OKB 1983 7½pc	99½	100½
SNCF 1985 8½pc	99½	99½
Stand. and Chtrd. '84 8½pc	99½	100½
Wms. and Glyn's '84 8¹⁄₁₆pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	87½	89
Ashland 5pc 1988	93	94½
Babcock & Wilcox 6½pc '97	103	104
Beatrice Foods 4½pc 1992	98	99½
Beatrice Foods 4½pc 1992	108	110
Beecham 6½pc 1992	96	97
Borden 5pc 1992	102	103½
Broadway Hale 4½pc 1987	78	79½
Carnation 4pc 1987	77	78½
Chevron 5pc 1988	135	136½
Dart 4½pc 1987	83	84½
Eastman Kodak 4½pc 1988	86	87½
Economic Labs. 4½pc 1987	78	79½
Firestone 5pc 1988	82½	84
Ford 5pc 1988	88½	90

Source: Kidder, Peabody Securities.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
ATT	$55	7⅜	—	8	—	8	—	$62⅛
ATT	$60	2¾	—	3¼	—	3⅝	—	"
ATT	$65	⅛	—	⅞	—	1⅛	5	"
Citicorp	$20	5⅝	—	5¾	—	6	—	$25⅝
Citicorp	$25	1⅜	—	2⅝	1	2⅞	10	"
E. Kodak	$40	18⅞	—	18⅝	—	19¼	—	$58⅛
E. Kodak	$45	13⅝	—	13¼	2	14	—	"
E. Kodak	$50	8⅛	32	9¼	12	10	3	"
E. Kodak	$60	2	45	3⅞	16	5	66	"
Exxon	$40	7⅞	—	8⅛	—	8⅛	—	$47⅞
Exxon	$45	3⅛	—	4⅜	—	4⅝	—	"
Exxon	$50	⅞	—	1⅞	—	2⅛	—	"
GM	$50	13¼	—	13¾	—	14	—	$62⅝
GM	$60	3⅞	1	5	1	6⅞	6	"
GM	$70	⅛	21	1	1	1⅝	—	"
IBM	$240	28	—	31¼	—	34	—	$267⅝
IBM	$260	12	5	16⅛	—	20	—	"
IBM	$280	3⅛	15	7¾	8	11	5	"
Sears	$20	5⅜	—	6	—	6⅛	—	$25¼
Sears	$25	1⅞	—	2⅝	6	3⅛	—	"
Sears	$30	⅛	—	1⅛	—	1⅝	—	"
Algemene	F330	28.00	—	29.00	—	28.50	—	F357
Algemene	F340	18.50	—	21.50	—	24.50	—	"
Algemene	F350	10.50	—	12.50	—	17.00	—	"
Algemene	F360	6.50	—	7.50	—	10.00	—	"
Amro	F70	5.50	—	6.50	—	8.00	—	F74.70
Amro	F75	1.60	—	2.50	—	4.00	—	"
Amro	F80	1.00	—	1.50	—	2.50	—	"
KLM	F150	33.00	8	37.50	—	45.00	—	F185.50
KLM	F170	25.00	10	30.00	7	38.00	—	"
KLM	F180	18.50	40	26.50	1	30.00	—	"
KLM	F190	13.00	11	19.00	22	26.00	—	"
KLM	F200	10.00	40	14.50	13	19.00	3	"
KLM	F220	—	—	9.50	5	12.80	15	"
Nat Ned	F100	10.50	—	11.50	—	14.00	—	F106.10
Nat Ned	F110	3.00	—	4.50	—	6.00	5	"
Nat Ned	F120	1.50	—	1.50	2	3.30	10	"
Philips	F22.50	4.70	4	5.20	40	5.20	—	F27.20
Philips	F25.00	2.80	165	5.10	243	3.60	51	"
Philips	F27.50	0.70	75	1.70	53	2.30	58	"
R. D. Shell	F120	8.80	—	11.00	10	13.00	15	F128
R. D. Shell	F130	2.30	45	5.00	59	6.60	1	"
R. D. Shell	F140	0.30	—	1.40	21	3.20	15	"
Unilever	F110	6.00	19	8.50	—	9.00	—	F118.70
Unilever	F120	1.00	—	2.60	—	3.50	5	"
Unilever	F130	0.40	—	1.00	—	1.70	—	"

Massey-Ferguson reduces labour force in France

BY DAVID WHITE

PARIS, June 6.

MORE THAN 10 per cent of the workers in Massey-Ferguson's two French factories are being made redundant because of continuing losses and the failure of the European market to pick up, as had been hoped, in the spring.

The French subsidiary of the Canadian farm-machinery group said it would cut the 2,200-strong workforce of its tractor plant at Beauvais by 291, while 240 jobs would be lost at its other plant at Marquette-lez-Lille, which now employs 2,800.

The Marquette-lez-Lille plant is roughly half-occupied in supplying parts for Beauvais, and also makes combine harvesters and balers for the French and European markets. A further 105 people will lose their jobs in the company's administrative offices.

The company said it had put off the cutbacks for the first six months of its current November to October financial *year*, in the hope of a market recovery. In that time, its stock of tractors at Beauvais built up to 2,400.

Over the past three years, Massey-Ferguson's French operation has made losses totalling FFr 124m ($30.5m). Its turnover in the last financial year was FFr 1.9bn.

Production at Beauvais last year was slightly below normal levels at 28,000 tractors and 16,000 tractor bodies for completion at plants in Detroit and Coventry.

The export market accounts for 56 per cent of Massey-Ferguson's French turnover—including machines made elsewhere and sold through the French offshoot—and for about two-thirds of the production at *the two French factories.*

French-made Massey-Ferguson tractors and harvesters are sold in West Germany, Italy, Belgium and Holland.

Massey-Ferguson is responsible for about 65 per cent of French exports of tractors and combine harvesters. The company expressed hope that the labour cuts *would set it back on its feet*, and it is expecting the Canadian parent to boost its FFr 140m capital, though the amount of the increase has yet to be decided.

Prospects for a recovery in the company's market this year, however, appear remote.

DG Bank explains mix-up over CD issue

By Mary Campbell

IN clarification of reports about its abortive issue of D-Mark denominated certificates of deposit (CDs) in New York, Deutsche Genossenschaftsbank (DG Bank) said yesterday that *the sale of CDs to two purchasers* in the U.S. resulted from a misunderstanding with Salomon Brothers, *the New York invest*ment bank through whom the planned sale would have taken place.

The CDs for which sales had been agreed by Salomon were withdrawn following an intimation from the Bundesbank that it would not favour the deal. Salomon Brothers' understanding, according to DG Bank, was that approval had been obtained earlier.

It seems that it might have formed this view from the fact that Dr. Poehl of the Bundesbank is also on the board of DG Bank. But, DG Bank points out, Dr. Poehl is on the non-executive board—which one *would not expect to have been* consulted about the prospective issue—rather than on the executive board.

Further, it says, Dr. Poehl is not the person in the Bundesbank with responsibility for such a *subject.*

DG Bank says that while the Bundesbank does not have the *legal right to forbid the issue* of CDs by German banks abroad, it would not have considered making the issue against the Bundesbank's wishes.

AUSTRIAN COMPANY NEWS

Steyr-Daimler-Puch off to good start

BY PAUL LENDVAI

VIENNA, June 6.

THE PROSPECT of satisfactory *profits this year following a sharp* increase in first quarter sales comes from Steyr-Daimler-Puch, *the largest private industrial en*tity in Austria.

Sales during the first three *months of 1978 are 17 per cent* ahead at Sch 2.7bn ($181m) which compares with growth for the whole of last year of 9 per cent. The motor manufacturer, which is controlled by Creditanstalt Austria's largest bank, says that growing demand for new products suggests that profits overall this year will again be satisfactory.

The company has recently been giving an insight into its overseas ambitions. These include joint lorry ventures in Nigeria, Poland and Greece as well as the *production of a cross-country* vehicle together with West Germany's Daimler-Benz. At the same time Steyr is apparently in talks with Lancia of Italy about possible assembly project in Austria.

This year the Nigerian plant will turn out 1,800 lorries under Steyr licence, while deliveries and licence arrangements agreed in 1975 with Poland involve the export of 5,000 lorries per annum, and are proceeding in accordance with original arrangements. However, the part of the package deal relating to the setting-up of a lorry plant in Poland to manufacture under Steyr licence has run into "*financing difficulties.*"

Dr. Heinrich Treichl, chairman of the supervisory board and chief of Creditanstalt, revealed that the Austrian banks are not in the position at present to satisfy the Polish desire for a Sch 2bn credit.

However, Steyr's connections with the U.S. are proceeding much more smoothly. Mopeds produced by Steyr have a market share of 30 per cent in the U.S. With an 87 per cent share of exports, Puch claims to be the leading moped exporter in the world.

Earlier this year the company unveiled plans for a rights issue involving an increase of around $13m in group capital. In 1977, after tax profits were an eighth higher at Sch 92m ($6m) and the dividend went up from an effective 8 per cent to 9 per cent.

Austrian Airlines boosts traffic

BY OUR OWN CORRESPONDENT

VIENNA, June 6.

AFTER A RECORD performance in 1977, Austrian Airlines (AUA) experienced a further 8 per cent increase in passengers in the first quarter of this year to 333,000 and one of 23 per cent in turnover of its charter operations.

The company, which began operations only 20 years ago, said in its annual report that *passenger traffic in 1977* was up by 7 per cent to 1.4m. The average load factor rose by 1.4 per cent to 50.5 per cent, while net profit was up by Sch 9m to *Sch 34.7m ($2.3m). Including* a carry-forward of Sch 33.8m, earnings reach Sch 68.6m.

AUA is proposing an unchanged dividend of 4 per cent and a bonus of 4 per cent (same). The balance sheet total was up by Sch 141m to Sch 2.88bn. Operating revenues from scheduled flights were up by *10.7 per cent to Sch 1.77bn,* while income from charter operations rose by 15 per cent, and from freight by 12.6 per cent.

During the last five years, since *emerging from a period of* heavy losses, the company has achieved a foreign exchange surplus of Sch 1.5bn. The airline plans to invest some Sch 1bn between 1974 and 1979.

The enlargement of AUA's fleet has been followed by more frequent flights to Athens, Istanbul, Cairo, Salonika and Sofia. With its new office in Cairo, AUA now operates 34 offices in 28 countries.

Bad debts cost Migros $13.5m

BY JOHN WICKS

ZURICH, June 6.

MIGROS BANK, the banking subsidiary of the Swiss retail and services co-operative Migros, suffered a loss of SwFr 28m ($13.5m) from the failure of the Basle company Kuederli.

The Migros Federation, as sole shareholder of the bank, has met this loss with a guarantee. Migros Bank's increase in net profits to SwFr 7.1m last year from SwFr 6.5m came with an expansion of total assets from SwFr 1.6bn to SwFr 1.68bn and will pay an *unchanged dividend* of 5 per cent.

Bank chairman Albin Heimann writes in the Migros Bank annual report that the bank continued to develop well in 1977 apart from the Kuederli loss.

Meanwhile, it is reported that gross operating earnings of the Swiss transport and forwarding agents concern Panalpina WelttransportAG rose by 3 per cent to SwFr 273m last year, an increase which would have reached 15 per *cent had exchange rates remained unaltered.*

After a rise in parent-company net profits to SwFr 4.41m from SwFr 3.58m for the year, the board recommends the addition of a 2 per cent bonus to the usual 12 per cent. dividend.

Panalpina, which has 112 branches in 26 countries, is owned 40 per cent by the Ernst Goehner Foundation (Zurich), 40 per cent by the Dutch group Ruys en Co. NV and 20 per cent by the Swiss shipping company *Schweizerische Reederei.*

Spanish utility raising $148m

BY FRANCIS GHILES

FUERZAS Electricas de Cataluña, a private Spanish company, is raising one of the largest loans ever by a private company in Spain. This loan also includes a feature increasingly found in loans to certain borrowers — a yen tranche.

The electric utility company is raising $148m in a three-tranche operation, through a group of banks *co-ordinated by* Chase Manhattan Ltd. A $70m tranche will be in the form of a syndicated loan for eight years with a three-year grace period. It will carry a split spread of 1 per cent *for four years rising to 1¼ per* cent.

A $10m tranche will be in the form of a fixed-interest (9½ per cent) seven-year loan with a three-year grace period. The third tranche is in the form of a Y16bn fixed-interest rate (7.9 per cent) ten-year loan, again with a three-year grace period. The two fixed-interest rate *tranches* will be *provided* by Japanese banks with Nippon Credit Bank in overall charge of this side of the whole operation. The loan overall carries no guarantee.

A series of unguaranteed *loans are currently being raised* by South Korean companies. Hankuk Glass Company is raising $32m for eight years on a spread of 1½ per cent through a group of banks led by Bank of America Asia Ltd.

Meanwhile Samsung Heavy Industries is raising $12m through a group of banks led by Schroder Wagg. Final terms *have not yet been agreed by* the South Korean Ministry of Finance.

At the same time Samsung Electronic Devices Company is raising $20m through a group of banks led by Bankers Trust Asia. As with the previous loan, final terms have not yet been agreed with the Ministry *of Finance in Seoul. A $218m* seven-year loan for the State Algerian oil company, Sonatrach has just been signed in London; the borrower is paying a spread *of 1½ per cent throughout.* Six banks are jointly leading this operation with one of them, Citicorp also acting as agent.

Qatar Steel has just signed a $100m 10-year loan arranged by a group of banks led by Chase *Manhattan Ltd. Terms include* a split spread of ⅞ per cent for the first four years rising to ⅞ per cent for the remaining six.

The $60m 10-year medium-term loan to Iceland, the largest ever loan raised by that country *in the market has just been* signed. The borrower is paying a spread of ⅞ per cent over the interbank rate for this loan which has been arranged by Hambros Bank, Canadian Imperial Bank of Commerce and *Mitsui Finance Asia.*

KF plans to raise capital

By William Dullforce

STOCKHOLM, June 6.

KF, the Swedish consumer co-*operative association, plans to* set up a separate holding company for its manufacturing companies and to open the way for outside capital. The movement is not looking for stock exchange money, however. According to managing director Karl-Erik Persson, it hopes to attract finance from the national pensions fund, the insurance companies and, if they are eventually formed, the shareholding funds proposed by the Swedish trade *unions.*

KF operates 21 manufacturing companies with 17,000 employees and a combined turnover last year of SKr 4.2bn ($913m). So far, they have been financed from the movement's own resources, but *last year* they returned a combined operating income after depreciation of only SKr 2m. The decline in profits has reduced their equity bases and raised the demand for new capital beyond the resources of the consumer cooperative movement.

The industrial products are *sold mainly to private customers* in Sweden and abroad, only about 13 per cent of output being marketed through KF's own outlets. There are about 40 foreign subsidiaries in the group and some companies are strongly *export-orientated.*

Among these is Hugin, the cash register company, which exports 97 per cent of its output and has 10 per cent of the world market.

V & D to buy Sims assets

BY CHARLES BATCHELOR

AMSTERDAM, June 6.

HOLLAND'S largest retail chain, the Vroom en Dreesmann group, will take over a large part of the assets of Sims, retailing venture jointly owned by W. H. Smith and Son and the Dutch publishing group, Elsevier.

The privately-owned V and D group will take over the leases of four Sims stores in Amsterdam, Utrecht, Arnhem and Eindhoven. *It will also acquire Sims* stock and take on about 70 Sims staff in similar jobs in its own stores. V and D said it does not yet have firm plans for the four stores it will be taking over. It hopes to complete the deal by early next month.

Sims Enschede store will be integrated into Elsevier's own retail operation while talks are continuing with potential purchasers of the stores in Tilburg and Zwolle. Elsevier and W. H. Smith last month announced they would end their five-year old co-operation in Sims, which sells books, records and other leisure articles. Sims has made losses since its formation in 1973.

V and D operates 56 department stores in Holland as well as 536 other stores, selling mainly *clothes and food. In the past year* it has acquired minority stakes in two U.S. stores groups. It had net profits of Fls82m ($37.7m) on sales of Fls3.bn ($1.58bn) in the year ended January 31, 1977.

Still gloomy at Hoechst

BY OUR FINANCIAL STAFF

LITTLE CHANGE in the underlying trend of weak demand was the main message for Hoechst shareholders yesterday at the German chemical company's *annual general meeting.*

After three months of 1978, group sales were slightly ahead with parent company turnover 8.2 per cent lower; after five months Hoechst is managing to *more or less maintain its first-quarter position at the group* level, but the sales downturn at the parent has shaded to a decline of 5.2 per cent.

Rolf Sammet, chairman of the *management* board, told the meeting: "We hope the second half of the year will be at least no worse than the first half." He added, however: "Much can happen, and it might not turn out that way." In the five months, sales in the U.S., Japan, and Brazil were "considerably higher" for the group. The *parent company's domestic sales* fell 3.5 per cent, but exports dropped by 7.6 per cent for the five months.

Baloise Holding increases dividend

BY OUR OWN CORRESPONDENT

ZURICH, June 6

SWISS INSURANCE concern Baloise Holding of Basle, recommends payment of an increased dividend of SwFr14 (12) for the business year ended March 31, following a rise in net profits to SwFr7.36m ($3.9m) from SwFr6.43m for the period.

The dividend of The Baloise *Insurance Company, one of the* holding company's operating subsidiaries, is also going up from SwFr12 to SwFr14 for last year, while that of The Baloise Life Insurance Company will remain unchanged at SwFr7 per share.

Neuchatel Swiss General In*surance Company and its life* assurance affiliate La Neuchateloise Cie D'Assurances sur la Vie are paying unchanged dividends of SwFr14 and SwFr10 per share. Premium income rose to a gross SwFr136.3m for the general insurer and to SwFr61.4m for the life assurance company last year, with net profits reaching SwFr2.2m ($1.15m) and SwFr580,000 respectively.

SIR closures to go ahead

MILAN, June 6.

THE SIR chemicals group is going ahead with the temporary closure of some of its petrochemical plants in Sardinia, because of lack of funds to pay for supplies, says the company.

The closures were announced last week, but over the weekend the Government said it was calling on banks to provide necessary credit to keep the *plants open pending a decision* on a national plan for the financially troubled chemicals sector.

*So far, despite the Govern*ment's appeal, SIR's position remains unchanged, and both it and its affiliate, Rumianca Spa are proceeding with the plant closures.

Meetings between Government, industry and unions are *scheduled this week to discuss* the chemical industry's problems, and SIR hopes a solution can soon be found, the company added.

According to the company, the closures could cause a chain reation throughout the Sardinian chemical industry, affecting the jobs of thousands of workers, as other firms supplied by the SIR group are deprived of supplies.

Reuter

PREPARATION OF UN REGULATIONS

BY ARNOLD KRANSDORF

Multinationals and the New Order

MULTINATIONAL companies around the world have been under constant pressure for years now, ever since changing economic and political conditions—especially in Third World countries since the 1960s—have prompted the call for a New International Economic Order.

Criticised, investigated and progressively constrained, they have emerged with a persecution complex as the whipping boys of governments. Understandably they have become defensive. So it is easy to understand their hostility towards the latest body to take an interest in their affairs, the United Nations. The UN Commission on Transnational Corporations, an inter-governmental subsidiary of the UN Economic and Social Council, recently met in Vienna. If the volume of paperwork to emerge is anything to go by, some progress has been made towards creating a new international regulatory framework.

The Commission does not have far to go before recommending a Code of Conduct as well as action against corrupt practices.

It has agreed to the establishment of an inter-governmental body to continue the work of a group of experts on formulating international standards of reporting and accounting. These include minimum requirements for financial and "social" disclosure in annual reports which go beyond current practice even of the U.S.

The Commission is also preparing itself to establish a comprehensive information system on multinationals (to include a databank) whose interests will be tailored to the needs of host countries. All these preoccupations will, in the fullness of time, have a direct effect on the activities of multinationals. If agreement is reached, member governments of the UN will be asked to implement the recommendations, possibly through national legislation.

While the multinationals might feel besieged, this has apparently not affected their growth in recent years. According to the latest UN study on the subject, direct investment by multinationals in foreign countries increased by 80 per cent to $287bn between 1971 and 1976.

Nearly 75 per cent of this capital investment is concentrated in developed countries and that proportion has been growing in recent years. Even the remaining one quarter in developing nations is increasingly in the more industrialised countries which, the report states, underlines the limited role which multinationals have played so far in helping the growth of developing countries.

Benefits

Against this background, the UN is trying to draw up an acceptable set of rules for all the parties concerned. Through the Economic and Social Council, the UN set up the Commission on Transnational Corporations in 1974. A 48-member body, it was established to promote understanding of the international impact of multinationals and to secure effective international arrangements aimed at increasing the benefits to multinationals and helping countries to develop.

Perhaps the most controversial—and important—aspect of the Commission's work so far has been the progress made towards drawing up an international set of standards for reporting and accounting. It is this—and the Commission's interest in bringing in minimum disclosure rules for both financial and "social" aspects of reporting and accounting—that has incited the wrath of multinationals.

They generally described most of the proposals as unnecessary and discriminatory. They are fighting back through the International Chamber of Commerce (ICC) and other lobbying bodies. But the Vienna conference endorsed the work done so far, and then took the process one step further. It recommended that a new body, an *ad hoc* inter-governmental group, should continue the work in hand. Some delegates have privately suggested that some sort of international guidelines could be ready for implementation by 1980.

This recommendation was not received without misgivings. Some delegations, particularly the U.S. doubted whether a new high level subsidiary body was necessary bearing in mind the great practical difficulties and limited progress achieved so far.

The ICC, in its reply, believed it would be unwise to convene an inter-governmental working group of experts. It would have preferred to have seen a more evolutionary approach.

It believed that the UN should set rules for corporate disclosure only after the development of basic accounting standards. The ICC recommended that established non-governmental professional bodies, such as the International Accounting Standards Committee, should be urged to continue and accelerate their work on the harmonisation of accounting standards.

The ICC's recommendation is, meanwhile, a reminder of the number of other bodies now homing in on auditing, reporting and accounting, including the European Economic Community, the OECD and several national governments. They are all making life more difficult for multinationals, but the multiplicity and confusion of their efforts does not seem likely to deter the UN.

Mr. N. T. Wang, head of the information analysis division of the UN Centre on Transnational Corporations, said that only politicians had the power to make changes of the magnitude suggested. Clearly, then, the UN was the only forum suitable for dealing with multinationals. The new information system to gather data about multinationals is just as contentious an issue for multinationals as that of reporting and accounting.

As part of its task, this system will focus on the collection and analysis of policies, laws and regulations pertaining to multinationals. It will analyse the role of multinationals in specific industries. It will also catalogue general and detailed information on a wide range of subjects as well as contracts and agreements with host countries.

Again, multinationals have cried "rape," fearing, among other things, that they will be forced to release confidential information and once handed over, the information will be distorted.

The ICC says that the only valid sources should be the multinationals' own published material and information issued by governments or inter-governmental bodies.

While welcoming the commission's view that it would be improper to include information which the source wishes to keep confidential, the ICC considered it essential that multinationals have clear access to the data collected on them. Also, multinationals should be given the opportunity to comment on the accuracy or reliability of information before it is released.

But the Communist-dominated World Federation of Trade Unions argued in a conference paper that the system should be treated as a public service, in principle accessible without any restriction, to the broadest possible range of clients, including individuals, organisations and institutions.

However, the Commission did not commit itself on the question of whether multinationals will be allowed to verify the data collected on them. It recognised the usefulness of wide dissemination and recommended that the information should also be made available to non-governmental groups such as trade unions and universities.

Political

The Commission then dwelled on its efforts to formulate a Code of Conduct for the activities of multinationals. Among the more controversial aspects are probable declarations on non-interference in internal political affairs of host countries, nationalisation and compensation.

The Commission decided to speed up its work in these fields. The inter-governmental working group looking into the problem said it should be able to finalise the discussion of tentative formulations at its next meeting. It is now expected that a draft code could be ready by the spring of 1979.

Also, the conference heard from its inter-governmental group looking into the problem of corrupt practices, particularly illicit payments in international commercial transactions. A draft convention should be finalised later this month.

Certainly all these issues, particularly the reporting and accounting developments and the establishment of a comprehensive information system, are eventually going to have far-reaching effects on companies. The UN Commission of Transnational Corporations has taken the bit between its teeth, and it is determined to carry out its mandate—even if it hurts.

Multinationals would do well to realise that the UN—ineffective as if might appear at times in the political arena—has the power to influence their lives. So far, apart from the contentious Southern African issue, agreement has been reached by concensus on every issue—and it seems likely that this pattern will continue.

However, it would not be unfair to suggest that if multinationals are being asked to come clean about their activities, the UN, for its part, should be equally frank. If its proposals come to fruition, multinationals are going to feel very exposed and vulnerable.

It will undoubtedly make matters worse if no way is found to overcome their concern about verification of facts fed into the UN's databank, which could be subject to adjustment in order to make them comparable. In the words of the ICC, "leaving it to the sole judgment of the Centre (on Transnational Corporations) whether to verify information imposes an element of arbitrary discretion and thus creates a legal uncertainty. . . ."

UN officials are known to be against giving multinationals the right to dispute the validity or accuracy of information once it has passed to them, arguing that it would be administratively impractical.

The Vienna conference did not commit itself on the question of verification. It might have been politic if it had.

PRIMROSE INDUSTRIAL HOLDINGS LIMITED

Announcement to Shareholders

With reference to the announcement on 5 May 1978 that agreement had been reached in principle for the purchase of Aloe Minerals (Proprietary) Limited, subject to certain conditions precedent, the Board of Primrose announces that within the time allowed by the vendors it has not been able to satisfy itself in full regarding these conditions precedent. It has consequently decided not to proceed with the acquisition.

On behalf of the Board
A. R. KEMP
Executive Chairman
D. J. GEVISSER
Managing Director

5th June 1978

INTL. FINANCIAL AND COMPANY NEWS

SOUTH AFRICAN COMPANIES

Further merger moves at Bankorp

BY RICHARD ROLFE

JOHANNESBURG, June 6.

BANKORP, THE bank holding company of the Sanlam Insurance group, has taken further steps to rationalise its banking interests. These were swelled a year ago by the reverse takeover of Trust Bank, which has been progressively digested in the meantime. Having recently acquired the small Santambank another of Sanlam's "trade investments," Bankorp is to merge Santambank with another wholly-owned susbidiary, Credit Bank. The combined group will have assets totalling R800m, a staff of 1,600 and 80 branches, and will be the sixth largest bank in South Africa.

Steps leading up to this latest development began two years ago when Credit Bank was created out of the merger of two smaller banks, Sasbank and Federal Bank, while last year, Bank of Johannesburg was also merged with Credit Bank. But Credit Bank, management said yesterday, "experienced problems with the application of its name," which never really caught on. Thus with Bankorp's acquisition of Santambank, a well-known name, the opportunity was taken to drop Credit Bank out of the marketing picture and to continue the cutback of the small banking groups which sprang up in the 1950s and 1960s.

The prospect of a merger between Credit Bank, Santambank and Trust Bank has been widely aired, but thinking in Sanlam and Bankorp appears to favour running the enlarged Santambank group in competition with Trust Bank despite the fact that both are in the same stable. Bankorp's present plans involve putting both groups on, for example, shared computer facilities, but the possibility of subsequent more complete rationalisation cannot be excluded.

* * *

Primrose Industrial, the South African brickmaker in which Tongaat, the sugar group, recently acquired a controlling interest, has abandoned its attempt, initiated during the battle for control, to acquire the anthracite producer Aloe Minerals as a diversification move. A statement recording termination of the negotiations says that although agreement had been reached in priciple, Primrose had not been able, within the time stipulated by the vendors, Rembrandt Group, to satisfy itself as to certain conditions.

Primrose's managing director, Mr. David Gevisser, indicated today that his group had insufficient time to carry out the technical, financial and marketing problems involved. The deal, expected to cost R2.75m ($3.16m), would have added 6 cents a share to Primrose's earnings.

Rembrandt acquired Aloe as a move into mining five years ago, before it took its big stake in Federale Mynbou, which controls the Afrikaner mining group, General Mining and also Union Corporation. Having put the "for sale" sign up on Aloe, market sources feel Rembrandt will now look for another buyer.

Caution at Utico over recovery

By Our Financial Staff

UTICO, the tobacco group in which BAT is the major shareholder, raised pre-tax income for the half-year to March 31 by 63 per cent to R2.95m ($3.4m), from R1.81m in the same period of the previous year. Turnover, excluding excise duty rose by 2 per cent to R35.7 ($4m) from R35.0m.

This follows a fall of some 26 per cent to R2.8m in pre-tax income for the year to September 30.

The recovery in earnings, Utico says, is the result of its withdrawal from the confectionery business. The company says that the disposal of the confectionery business has been almost completed, and it expects that the final loss on the transaction will not vary materially from the R2.25m provided for in the 1977 accounts.

The Board forecasts, however that because trading conditions continue to be difficult, profits for the second half will be lower. It considers that the return on funds remains too low—barely sufficient to finance working capital requirements and to provide for growth.

For this reason, there is again no interim dividend, and the Board warns that a final dividend (passed last year) should not be expected.

Higher income for Metal Box

BY OUR OWN CORRESPONDENT

JOHANNESBURG, June 6.

METAL BOX South Africa, 58.5 per cent owned by Metal Box UK, has reported an improvement in net operating income for the year to March 31. It indicates, however, that this increase has mainly been contributed by its new subsidiary, Metal Rollings, which has been included for nine months.

Turnover rose from R156m to R168m ($193m) and net operating income from R10.9m to R13.3m ($15.3m). After allowing for other items, such as reduced net interest paid, higher preference dividends following last year's issue of convertible preference shares and a slightly higher tax rate, attributable income rose from R5.2m to R6.5m.

Earnings per share are 0.4 cents up at 25.9 cents but this figure is based on the weighted average number of ordinary shares in issue, up from 20.3m to 24.9m. The dividend has been maintained at 22 cents, putting the shares at 260 cents on a yield of 8.6 per cent, at which price they are also in line with the conversion terms on last year's convertible preference share issue.

Sales at Metal Box itself showed marginal growth in value terms, but fell in volume terms. Reduced fishing quotas in south-west Africa depressed sales by the group's Walvis Bay subsidiary, which ran at a loss of R0.7m over the year. This was less than the R1m loss the group earlier anticipated and in addition can now be offset against South African profits. The change here is due to the constitutional quirk that Walvis Bay has been reabsorbed into South Africa for administrative purposes. In the past, Walvis Bay operations of South African companies were classified as foreign, and in terms of South African law, losses in foreign companies cannot be offset against domestic profits.

Fishing problems aside, Metal Box should respond to any improvement in the local economy, with its strong consumer orientation, while there are plans to diversify the Walvis Bay plant away from fishing cans. Dividend policy remains to pay out 85 per cent of earnings, which have been stated on an LIFO basis since April 1976, so that the dividend is not as imperilled as it looks at first sight by the low level of earnings cover.

Meanwhile, Wong Sulong writes from Kuala Lumpur that Metal Box Malaysia has reported a 25 per cent rise in pre-tax profits to 6.4m ringgits (U.S.$ 2.7m) for the year to March, and is paying a final dividend of 13 per cent, bringing the total for the year to 18 per cent, against 15 per cent the year before.

Sales rose by 7.5 per cent to 52m ringgits (U.S.$ 22m), and the company said that gains from production and cost economies were reflected in the profit.

The company's second-half performance did not match that of the first-half, mainly, it said, because of lower sales of products with higher profit margins and the effects of inflation. Pre-tax profit for the first half was 3.55m ringgits.

The British parent company holds 52.4 per cent of the shares of Metal Box Malaysia, while 19 per cent are held by Singapore residents and the rest by Malaysians.

Uncertain outlook at United Plantations

BY WONG SULONG

KUALA LUMPUR, June 6

AFTER ACHIEVING a record profit of 26.8m ringgits (U.S.$11.3m) before tax last year, United Plantations, the Danish palm oil group in Malaysia, sees a period of uncertainty ahead in view of increasing competition for palm oil from other fats.

Unlike Kuala Lumpur-Kepong, which sees an "even chance" of repeating its record performance of last year, United Plantations chairman, Mr. W. O. Grut, says in his annual report that the present high price for palm oil was unexpected, and contrary to long term bearish conditions.

The present tight market for palm oil in the Malaysian market appeared to be temporary because of the decline in output due to the drought.

Indications are that there will be a larger than expected surplus of soyabean in the second half of the year, with greater planting by the U.S., Brazil and Argentina. Oil from sunflower, groundnut and cotton seeds are also expected to increase.

Mr. Grut disclosed that discussions are underway for Unitata, the giant palm oil refinery in South Perak, to go public.

Unitata is a 50-50 joint venture between United Plantations and That Oil Mills of Bombay. Preliminary results showed Unitata making a profit of 11m ringgits last year on a turnover of 164m ringgits. This does not include 4.2m ringgits in unfulfilled contracts, some of which are expected to be recorded in due course.

Sime Darby development

BY OUR OWN CORRESPONDENT

KUALA LUMPUR, June 6.

SIME DARBY Holdings, which recently returned ownership of the Orchard Towers complex in Singapore in a deal with Golden Bay Realty, has announced that it will build a seven-storey factory on the island republic for 17m ringgits (U.S.$7m).

Work on the project, which will provide 235,000 sq ft of industrial and showroom space, just outside the central business district, will start next month, and the building is expected to be ready for occupation within 21 months. Units of varying size are to be offered for sale.

The two-acre site was formerly occupied by Singapore Steam Laundry, a Sime subsidiary.

● Sime Darby also announces that through a U.S. subsidiary, it has agreed conditionally to acquire the business and certain assets of J.S. Cornell Corporation a privately-held U.S. rubber trader based in New Jersey.

The net cost will be U.S.$252,000, plus an additional amount to reflect inventory acquired since March 1. In addition, Sime has agreed to assume certain liabilities.

Cornell has a turnover of U.S.$25m. It will, it is said, complement the group's marketing operations in Kuala Lumpur and London and increase access to the world's largest rubber-consuming market. It will also provide a base on which to expand Sime Darby's U.S. trading in other commodities.

Jardine Matheson deal

BY ANTHONY ROWLEY

HONG KONG, June 6.

Jardine, Matheson has made a further payment of U.S.$35m to bring the equity holding in its Saudi Arabian associate, Transport and Trading Company Inc., up from 25 to 40 per cent.

The Transport and Trading group is involved in activities such as car sales, other consumer-product marketing, and transportation. TTI contributed 6 per cent of Jardine's earnings in 1977. This latest payment is in line with the original agreement whereby Jardine would increase its stake in TTI as certain profit levels were achieved.

Meanwhile, Jardine Matheson and Co. (South East Asia) has announced that underwriting has been completed in respect of some S$39.18m of 8½ per cent guaranteed unsecured loan stock 1985 of Jardine Matheson Investments (South East Asia), a wholly-owned subsidiary.

As previously stated, it is intended that the loan stock will be allotted to minority shareholders of JM(SEA) in consideration for the cancellation of the ordinary shares of JM(SEA) which they hold, on the basis of S$2.90 nominal of the loan stock for each cancelled ordinary share.

Bank Adanim plans flotation

By L. Daniel

TEL AVIV, June 6.

BANK ADANIM—One of Israel's smaller mortgage banks—reports that its after-tax profit for 1977 rose by 54 per cent to I£5.5m (U.S.$320,000), while its balance sheet total grew by 42 per cent to over I£450m. Earnings per share came to 100 per cent (65 per cent in 1976).

The bank intends to raise shortly I£45-50m by a flotation of shares and options.

APPOINTMENTS

Barclays chairman joins Royal Insurance Board

Mr. A. F. Tuke, chairman of Barclays Bank, has been appointed a director of ROYAL INSURANCE COMPANY.

★

Mr. Colin Reith has been appointed a non-executive director of WINSTON ESTATES.

★

Mr. G. D. Smith, a corporate finance director, MIDLAND BANK, has been appointed a regional director responsible for the Leeds region from September 1. He succeeds Mr. D. M. Corbett who retiries at the end of August. At the same time, Mr. E. D. McKay, assistant general manager (planning) will replace Mr. R. B. Hesketh, who is retiring as regional director, Sheffield region.

★

The Secretary for Energy has appointed four extra members to his ADVISORY COUNCIL on RESEARCH and DEVELOPMENT. They are: Professor Sir Hugh Ford, Dr. Gordon Fryers, Professor Sir James Lighthill and Mr. A. M. Muir Wood. Changes on the Council are Dr. J. Birks succeeding Mr. M. M. Pennell, who has retired from the Council and Dr. A. R. W. Baddeley, in place of Dr. P. J. Agius, who has also retired from the Council.

★

Mr. William Walker has been appointed a non-executive director of WHATLINGS. Mr. Walker retired at the end of last month at a general manager of the Royal Bank of Scotland.

★

Mr. George Savage, secretary of the Tayside Health Board, Dundee, has been elected president of the INSTITUTE of HEALTH SERVICE ADMINISTRATORS. He succeeds Mr. J. Roys, area administrator of the Warwickshire Area Health Authority.

★

From July 3, Norprint will become three separate companies: Norprint, NOR Systems and Darley Business Forms. These will be in the print and packaging division of the NORCROS GROUP. Mr. Tony Warren, chief executive of the print and packaging division, will be chairman of the three concerns. Mr. Peter Jordan becomes managing director of Norprint, Mr. Maurice Wright, managing director of NOR Systems, and Mr. Howard Marshall, managing director of Darley Business Forms.

★

Mr. F.M. Osborn is to retire as chief executive of NORTHERN ROCK BUILDING SOCIETY at the end of this year. He will continue as deputy chairman and retain membership of the Council of the Building Societies Association with a special interest in EEC developments. At the same time Mr. A. Rule, secretary and management services controller also retires. From the beginning of next month Mr. D. A. Gilchrist will be general manager and secretary. Assistant general managers will be Mr. R. Chapman (London), Mr. J. English (finance), Mr. P. C. Monkhouse (development), Mr. A. Rule and Mr. J. C. Sharp (administration). Senior controllers appointed are Mr. I. D. Carmichael (chief valuer and premises), Mr. (chief valuer and premises), Mr. W. Martin (mortgage), Mr. D. Urwin (staff) and Mr. A. Waugh (investment). Controllers are to be Mr. L. F. Brown (data processing), Mr. L. P. Finn (assistant secretary and educational services), Mr. T. Littlefair (general administration), Mr. J. S. Purdon (development), and Mr. R. C. Young (accounts)

Mr. A. F. Tuke.

★

Mr. S. B. Benbow has been appointed deputy chairman of HOSKINS and HORTON, succeeding Mr. W. G. A. Russell, who has retired as deputy chairman. Dr. Denis N. Layton has become a director. Dr. Layton is works and technical director of Hoskins, a subsidiary.

★

Mr. T. J. Bunyan has been appointed a director of SAUDI UNITED COMMERCIAL AGENCIES, the UK representative office of the United Commercial Agencies Group of Saudi Arabia.

★

Mr. Terence E. Golding has been appointed chief executive of the NATIONAL EXHIBITION CENTRE, Birmingham, in succession to Sir Robert Booth, who took on that additional responsibility in May last year. Sir Robert, recently elected president of Birmingham Chamber of Industry and Commerce, remains NEC chairman. Mr. Golding was formerly commercial director of the Earls Court and Olympia exhibition centres.

★

Mr. Peter Leigh has been appointed European executive of N.Z. FOREST PRODUCTS based in London. He was managing director of Turner and Coates.

★

The Home Secretary has appointed SANDRA BROWN to be a part-time members of the EQUAL OPPORTUNITIES COMMISSION. She works in production at Thames Television.

★

Mr. Michael Rothstein, sales manager, and Mr. Stanley J. Dawson, export manager, have been appointed to the Board of JAMES H. RANDALL AND SON.

★

Mr. R. P. Higgins has been appointed by NORWICH BREWERY as deputy managing director in charge of production, distribution, personnel and site administration. Mr. Michael Dunthorne has been made sales director and Mr. Steven O'Gorman, deputy sales director. The appointments are at Board level.

★

Mr. J. Ferguson Smith, deputy managing director (civil) and chairman of the Weybridge-Bristol Division of BRITISH AEROSPACE AIRCRAFT GROUP, has taken of responsibility for civil marketing strategy for the Aircraft Group as marketing director (civil). Mr. A. S. Watson has been appointed marketing director (military) for the Aircraft Group.

★

BOMAG (GREAT BRITAIN) has appointed Mr. Alex J. Ferris and Mr. Stewart R. Allen as joint managing directors. Mr. Alex Ferris, senior, formerly managing director, becomes chairman.

★

Mr. D. M. Shalit has been appointed finance director of WOBURN STUDIOS.

★

Mr. J. A. Witter has been appointed chief executive of CAMREX (HOLDINGS). Mr. Alex G. Cameron has resigned as joint managing director but remains chairman without executive responsibility.

★

General Sir Jack Harman is to become Deputy Supreme Allied Commander in Europe in November to succeed General Sir Harry Tuzo who is retiring, states the Ministry of Defence. General Harman is at present Adjutant General at the Ministry of Defence.

★

Dr. A. J. W. Cameron has been appointed to the Board of CARRINGTON VIYELLA.

★

PROVINCIAL BUILDING SOCIETY has made the following appointments from July 1: Mr. A. Mason, chief general manager; Mr. P. Clough, general manager (finance); Mr. G. W. Womack, general manager (administration); Mr. S. Cameron, general manager (development); Mr. L. Whiteley, assistant general manager (mortgages); and Mr. G. Thornton, assistant general manager (development).

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FARMING AND RAW MATERIALS

Commission stalls on pigmeat ban

By Margaret van Hattem

BRUSSELS, June 6.

THE EUROPEAN Commission has responded sympathetically to French requests for increased support for pigmeat producers, but has not said whether they will be met.

The French asked specifically for a ban on imports from non-Community countries, a re-introduction of subsidies for pigmeat held off the market in private cold stores, and for export rebates to be raised back to last year's levels.

The Commission has referred a decision on the two latter points to its pigmeat management committee which meets on June 12, and indicated today that it felt the requests justified.

However, the French request for an import ban which would curb soaring imports from East Germany, is almost certain to be refused. But if these imports are found to be entering the Community below the sluicegate price, it is suggested that other measures might be adopted to close the gap.

Improve or perish, beet growers warned

BY HILARY BARNES

COPENHAGEN, June 6.

EUROPEAN sugar-beet growers were warned here today to sharpen their efficiency or perish at the hands of the manufacturers of substitute sweeteners. The warning came from Mr. Stan Bichsel of the American Crystal Sugar Company, the biggest beet concern in the U.S.

He said the U.S. beet industry was struggling for survival against a highly efficient, high technology corn-sugar industry, which was becoming the dominant force in the U.S. food industry.

"The hour is later than you think," he warned a congress of European beet growers. "Increase the efficiency of your industry on the farm and in the factory or perish as an industry at the hands of those who are more efficient."

He said that corn syrup could be expected to capture 56 per cent of the U.S. market by 1990. From 1980 corn sugar would be available on the market as a spray-dried granular product, able to penetrate the market areas where liquid sweeteners were not acceptable.

No natural boundary or tariff or taxation would suffice to stop the high technology of the corn-sugar industry. If beet growers wanted to ensure survival, they must seize the technological initiative themselves.

Mr. Henri Cayre, the EEC beet growers' leader, urged a hard line against isoglucose (corn syrup) sweeteners. "Europe, being a larger sugar exporter ought to ban any sugar production from starch. Every kilo of isoglucose or glucose expels quota sugar to the world market.

Isoglucose was last year subjected to an EEC levy, which effectively stopped the expansion of production. Output this year is expected to be about 110,000 tonnes.

The beet growers want the levy increased, and isoglucose and glucose subjected to the same taxes and production restrictions as beet sugar.

M. Cayre was outlining a memorandum which the beet industry will soon submit to the Brussels Commission. He also called for a ban on all imports of sugar into the Common Market from non-member countries.

Addressing representatives of the EEC's 425,000 beet growers, he said the Community should join the International Sugar Agreement only on condition that allowance should be made for the EEC's sugar exporting capacity.

In addition to protecting the beet industry from imported sugar and alternative sweeteners, M. Cayre called for a massive campaign, financed by 1 per cent tax on sugar sales, to promote EEC sugar consumption, which has fallen from 10.3m tonnes in 1973-74 to 9.2m tonnes in 1977-78.

The campaign should include the "medical rehabilitation" of sugar, against "unfounded" attacks by doctors and dieticians.

When the Community production system is revised in 1980, the growers want a continuation of the national production quota system now in force.

Countries, such as France, Germany, Denmark and Holland, want bigger quotas. But other countries are not willing to give up quota shares, even when, as in the case of the UK, the full production quotas are not being utilised.

M. Cayre suggested a system of annual compensation for unutilised quotas to reconcile differences on this point.

Sugar imported from the Lomé countries was being re-exported with the help of EEC export subsidies, costing 300m units of account over the past year, according to M. Cayre.

The beet growers urged that from 1982, when Lomé sugar imports can be reviewed, the EEC should refuse to provide new delivery quotas.

But the EEC, they say, should give financial guarantees to assure the export price of sugar traded between the exporting and importing ACP (African, Caribbean, and Pacific) countries.

At present, said M. Cayre, the ACP countries overall import about 850,000 tonnes a year, but only 10,000 tonnes come from other ACP countries.

● Reuter adds: Sugar could become a significant source of chemical and fuel products in the coming decades, Prof. August Vlitos, of Tate and Lyle, told the meeting.

He said sugar from beet and cane could become preferred to petrochemical extracts for producing speciality chemicals. This was because sugar was cheaper, easily broken down by microbes and acceptable to environmentalists.

As oil prices rose there was an increasing probability of alcohol being used to power cars, he added.

Cut forecast in international wool supplies

BY OUR COMMODITIES STAFF

WORLD SUPPLIES of wool available will be reduced in the forthcoming 1978-79 season, according to Mr. Alf Maiden, chairman of the Australian Wool Corporation, reports Reuter.

In a speech prepared for the International Wool Textile Organisation's annual conference in Munich, Mr. Maiden claimed that the small increase forecast for the Australian clip would not compensate for lower stocks in Australia and other exporting countries.

This was likely to be a major influence on the market, he said.

Although prospects presented a mixed picture, the AWC believed the net effect of supply/demand interaction would be favourable for wool through most of the 1978-79 season.

In the longer term, one of the important factors influencing wool production is the expansion of the market for live sheep and sheep meats in the Middle East.

The Government and the woolgrowers' organisation, the Australian Wool Industry Conference, will shortly discuss permanent establishment of the "floor" price to provide a continuing base of stablity for growers and users alike.

At present, the Government legislates to extend the scheme each season. Floor price levels for 1978-79 will be announced at the end of the current season but the Government has said the market indicator floor will not be less than the present 284 cents a kilo clean.

Meanwhile, the Australian Wool Corporation has agreed to price its foreign stocks in both Australian and U.S. dollars. Mr. Maiden said this will allow buying houses the flexibility of dual currency operations.

To back up this arrangement the AWC has continued to replenish its European stocks.

Mr. Malcolm Vawser, general manager, marketing, of the AWC, said the Corporation's stockpile at 993,296 farm-equivalent bales on June 1, was below 1m bales for the first time in over 3½ years. The stockpile peaked at 1.88m bales in October, 1975, and has declined steadily since.

New rubber price pact talks planned

IPOH, MALAYSIA, June 6.

RUBBER CONSUMING countries will continue negotiations with producing countries in November for an agreement on international price stabilisation for natural rubber, according to Mr. Paul Leong, deputy Primary Industries Minister, reports Reuter.

He said producing countries had drawn up a draft text of the agreement and expected a further preparatory meeting to be held in September in Geneva.

● World natural rubber production rose by 30,000 tonnes to 3.59m tonnes in 1977, figures issued by the International Rubber Study Group show. But consumption rose by 225,000 tonnes to 3.77m tonnes leading to a 135,000 tonnes decline in stocks to 1.43m tonnes.

Synthetic rubber production rose by 465,000 tonnes to 8.4m tonnes while consumption increased to 8.5m from 7.9m in 1976. Stocks at the end of December totalled 1.57m tonnes against 1.69m a year earlier.

Copper cut denied

BY JOHN EDWARDS, COMMODITIES EDITOR

SOUTHERN PERU Copper Corporation firmly denied rumours yesterday that it was planning to cut back deliveries by a force majeure declaration.

It confirmed that there was a shortfall in the usual supplies of cathodes from Minero Peru, causing delays and interruptions in shipments to Europe. But the company was operating normally and producing the normal amount of blister copper.

The London copper market had a quiet day yesterday, closing marginally higher. Other base metal values eased slightly.

Even zinc was lower despite a quick reaction by North American producer to follow the increase of 2 cents to 31 cents in the U.S. domestic zinc price announced by St. Joe.

Meanwhile, the UK Department of Trade announced yesterday that agreement on the 1978 quotas for exports of non-ferrous scrap metals had finally been reached with the EEC Commission.

After "protracted discussions," a compromise scheme has been worked out. Certain quantities, not exceeding 10 per cent of the total EEC quota in each of the four classes of metals, are to be retained by the Commission for piecemeal distribution to member states when justified.

To qualify for shares of these reserve quotas, member states must prove they have exported at least 90 per cent of their original export quota.

Malaysia tin cost plea

BY WONG SULONG

KUALA LUMPUR, June 6.

MALAYSIA TO-DAY expressed concern over a "disturbing trend" among tin consumers to obstruct any move for upward revision of tin prices, even though this was necessary to meet rising costs.

Mr. Paul Leong, the Deputy Minister of Primary Industries, said since the entry of new consuming members, particularly the U.S., in the fifth International Tin Agreement, consumers tended to flex their muscles and pursue a confrontation course with producers.

His statement underscores the suspicion in Malaysia that the U.S. has done more to upset, rather than stabilise, the tin market by its recent actions at ITC meetings and the vagueness over its tin stockpile releases.

Making it clear that Malaysia expects the ITC economic price panel, which meets in Bangkok next Monday, to recommend a higher price range, Mr. Leong said Malaysia strongly felt that a price of 1,600 ringgits per pikul was necessary

Sharp fall in coffee market

By Richard Mooney

COFFEE PRICES fell sharply on the London futures market yesterday as dealers became convinced that the immediate danger of a serious Brazilian frost had passed.

The September position climbed to £1,980 a tonne at one stage but then slumped to £1,767 a tonne, £185.5 down on the previous close.

Market sources said the fall was mainly due to speculative profit-taking encouraged by reports of warmer weather in Brazil's coffee growing regions. Minimum overnight temperature in the north of Parana, Brazil's main coffee growing area, on Monday night, were around 10 degrees centigrade.

But the market remains very nervous about the possibility of frost. The recent scare, which boosted prices by over 300, came much earlier than usual and the danger will not be completely passed for another two months.

With the memory of the 1975 frost, which cut Brazil's coffee crop by three-quarters and pushed bean prices up ten-fold, still fresh in dealers' minds any new signs of lower temperatures can be expected to produce dramatic reactions in the market.

World cotton crop estimate lowered

WASHINGTON, June 6.

WORLD COTTON production this season is projected at 64.2m bales (478 lbs net weight), down from 65.2m forecast last month, but still above the 58.3m produced in 1976/77, the International Cotton Advisory Committee (ICAC) said here, reports Reuter.

Output in China is estimated at 10m bales, about 1m below earlier expectations and the 1976-77 harvest.

This reduction is reflected by China's continuing heavy purchases on international cotton markets. Aggregate Chinese imports could exceed 1.5m bales against 625,000 last season.

The near record world cotton output this season is expected to exceed anticipated consumption by about 3.25m bales, thus increasing stocks as at August 1 from the unusually low level of 20.2m bales a year earlier.

The Committee said the decrease in world consumption to 60.9m bales from 61.5m in the 1976/77 season will be concentrated principally in Western Europe and Japan.

The USSR is expected to use about 8.9m bales, 100,000 bales above the 1976/77 level, but consumption in other East European countries will generally remain unchanged.

In Memphis, Tennessee, meanwhile, Mr. Arlie Bowling, U.S. National Cotton Council economist, said U.S. cotton production could total 11.5m to 12.1m bales in 1978/79.

Exports should be reasonably close to this season's level, and domestic consumption should reach between 6.5m and 7m bales. This could result in a somewhat lower carryover than the 5.4m bales projected for the current season.

With this season's domestic consumption expected to be about 6.6m bales, total usage for the current crop will probably equal 11.9m bales, be added.

S. African sales up

BY BERNARD SIMON

JOHANNESBURG, June 6.

THE VALUE of the South African wool clip for the 1977-78 marketing season, which ended last week, was the second highest on record.

According to the Wool Board, 680,303 bales weighing 100.1m kilogrammes were sold during the season, realising R170m, some R9m above earnings the previous year.

Despite a lower volume of exports, the decline in the value of the U.S. dollar, to which the South African rand is pegged, has maintained export earnings from raw and processed wools at last year's figure of about R160m.

A feature of the season, according to the Wool Board, was the high proportion of merino wool offerings sold at the Board's auctions.

Out of 700,088 bales on offer, 97 per cent were sold. In the case of karakul wool however, an average of only 80 per cent of the bales on offer were sold. In last week's auctions only a third of the karakul available was bought.

Auction prices climbed steadily during most of the season. The average price realised for greasy wools was 167.58 cents per kg, about 2 cents per kg higher than the 1976-77 average.

At 293.91 cents per kg, the average price for clean wools was almost 3 per cent above the previous season's average.

Big jump in land prices

BY CHRISTOPHER PARKES

THE PRICE of farmland in England has jumped more than 15 per cent in the first four months of the year, according to figures just published by the Ministry of Agriculture. Land is now almost 42 per cent dearer than a year ago.

And while prices have risen sharply, the amount of land up for sale has diminished equally alarmingly.

During April the average price of land reached £1,163 an acre (£2,873 a hectare) compared with £1,117 an acre (£2,761) in March.

By the end of April last year 94,392 acres had changed hands in England, but sales in the first four months of 1978 were 25 per cent lower at 71,000 acres.

In Wales the average price has been falling so far this year. The average value of land sold in the first quarter was £667 an acre (£1,647 a hectare) compared with £687 (£1,698) in December and £579 (£1,430) in the first three months of 1977.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Slightly firmer on the London Metal Exchange. Forward metal opened lower at £772 and fell away to £767 on the pre-market, reflecting the weakness on Comex overnight. In the morning rings, however, the price picked up to £773 owing to market talk of an imminent force majeure declaration by Peru. A denial of the rumour coupled with a shaky opening on Comex saw the price ease to £771 but as the latter staged a recovery prices here moved up in line with forward metal touching £780 prior to closing at £778 on the late kerb. Turnover 12,775 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
Wirebars				
Cash	755-.5	—5.25	758.5-9.5	+9.5
3 months	774.5-5	—5.5	779-80	+5.25
Settlem'nt	755.5	—5.5	—	......
Cathodes				
Cash	747.5-8.5	—2.75	753.5-4	+5.75
3 months	767.5	—3.5	772-.5	+3.5
Settlem'nt	748.5	—2.5	—	......
U.S. Smlt.	—	......	*66.5-68	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £755.5, 55, three months £769, 70, 69.5, 70, 71, 72, 73, 74, 75, 76, 77, 78, 75, 74, 74.5, 75, 75.5, 75. Cathodes, three months £768. Kerb: Wirebars, three months £775, 75.5, 75. Afternoon: Wirebars, three months £776, 77, 79, 78.5, 79, 79.5, 80, 79.5. Cathodes, three months £773. Kerb: Wirebars, three months £778.5, 80, 79.5, 79, 78, 77.5, 79.

TIN—Barely changed. After opening at £6,610 forward metal edged up to £6,635, reflecting the marginal rise in the Penang price. Profit-taking then pared the price to £6,625 with the backwardation narrowing to £140. In the afternoon values came under selling pressure and fresh profit-taking with forward standard metal falling to £6,555 before recovering slightly to close at £6,590 on the late kerb. Turnover 1,460 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+or —
High Grade	£	£	£	£
Cash	6751-70	—50	6760-70	—10
3 months	6635-45	—20	6620-30	......
Settlem't	6770	—50	—	......
Standard				
Cash	6765-70	—40	6740-50	—17.5
3 months	6625-30	—27.5	6610-20	—2.5
Settlem't	6770	—40	—	......
Straits E.	$1705	+2	—	......
New York	—	......	—	......

Morning: Standard, cash £6,770, three months £6,620, 30, 25, 35, 30, 25. High Grade, cash £6,780. Afternoon: Standard, three months £6,625, 20. Kerb: Standard, three months £6,600, £6,590, 80, 60, 55, 60, 70, 75, 80, 90, 80.

LEAD—Fractionally easier in quiet trading. After falling to £329 on the pre-market owing to light liquidation, forward metal rallied to £334 in the afternoon rings, reflecting the upturn in copper. However, profit-taking clipped the price to £330 on the late kerb. Turnover 5,100 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
Cash	322-.5	+1.5	321.5-2	—.75
3 months	331.5-2	+1.25	331.5-2	—.5
Settlem'nt	322.5	+1.5	—	......
U.S. Spot	—	......	*31-33	......

ZINC—A shade lower in featureless trading.

SILVER

COCOA

COFFEE

ARABICAS were dull and featureless with only six lots trading, Drexel Burnham Lambert reports.

GRAINS

RUBBER

SOYABEAN MEAL

VEGETABLE OILS

SUGAR

LONDON DAILY PRICE (raw sugar) £104.00 (£105.00) a tonne cif for June-July shipment. White sugar daily price was fixed at £111.00 (same).

Prices were contained within a very narrow trading range throughout the day but the volume of business was not substantial, reports C. Czarnikow.

WOOL FUTURES

MEAT/VEGETABLES

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 265 tonnes, bringing the total for the week so far to 479 tonnes, reports F. W. Tattersall. Fair trading continued mostly in American-type varieties. Russian and Turkish were in request as well as Colombian and other Latin American growth.

JUTE

DUNDEE JUTE—Quiet. Prices c and f UK for Sept.-Nov. shipment. BWB £267, BWC £254, BWD £245. Tossa BTB £267, BTC £255, BTD £248. Calcutta goods steady. Quotations for prompt shipment. 10-ounce 40-inch £9.84, 7½-ounce £7.75 per 100 yards; June £9.77 and £7.72; July-Sept. £9.71 and £7.59. B twills £27.05, £27.28 and £27.59 for the respective shipment periods. Yarn and cloth very quiet.

U.S. may raise beef imports to steady price

WASHINGTON, June 6.

PRESIDENT Jimmy Carter is expected to announce soon, possibly this week, whether he will seek increased U.S. imports of beef to dampen rising prices, reports AP-Dow Jones.

Mr. Jody Powell, Press Secretary, told reporters at the White House that the President was aware of "very serious economic losses" suffered by beef producers in recent years.

But Mr. Carter was also concerned about the speed with which U.S. beef prices have been increasing—they went up a record 6 per cent in April—and about the volatile "boom or bust" nature of the cattle industry.

The President is considering a number of options presented to him by economic advisers late last week, including a proposal to allow 250m lb more of hamburger meat to be imported this year.

The U.S. Agriculture Department says the average price of choice grade beef was a record $1.68 a pound in May, up from $1.36 a year ago.

But Mr. Bob Bergland, Agriculture Secretary, favours doing nothing for 60 to 90 days to see if the beef price increase begins to slow down on its own.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	June 6 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cts)	[illegible]	[illegible]	$985-1000
Copper cash W'bars	[illegible]	[illegible]	[illegible]
3 months do. do.	[illegible]	[illegible]	£713.75
Cash Cathode	[illegible]	[illegible]	£686.5
3 months do. do.	[illegible]	[illegible]	£703.5
Gold troy oz	[illegible]	[illegible]	$175.125
Lead Cash	[illegible]	[illegible]	£300
3 months	[illegible]	[illegible]	£308.75
Nickel	[illegible]	[illegible]	[illegible]
Free Mkt (cif) (lb)	[illegible]	[illegible]	$1.95 / 2.08
Platinum troy oz	[illegible]	[illegible]	£120.5
Free Market	[illegible]	[illegible]	£120.5
Quicksilver (76lb.)	$127-34	......	127.42
Silver troy oz	291.25p	—2.75	278.85p
3 months	298.75p	—2.7	284.95
Tin Cash	£6,760	+7.5	£6,605
3 months	£6,615	—2.5	£6,477.5
Wolfram 22.04lb.cif	$129-34	......	135-40
Zinc cash	£334	—1.25	300
3 months	£343.25	—1.5	308.625
Producers	$580-600	......	550-600
Oils			
Coconut (Phil)	$685	+15.0	$595
Groundnut	£744	—5.0	£744
Linseed Crude (v)	£386	......	£361
Palm Malayan	$608	—2.0	$570
Seeds			
Copra Philip	$440	—5.0	$406
Soyabean (U.S.)	$291.5	—6.75	293
Grains			
Barley EEC			
Home Futures	£82.95	—0.45	£80.10
Maize			
French No. 3 Am	£106.25	......	£105.75
Wheat			
No. 1 Red spring	£97	+0.75	£93.75
No.2 Hard Winter	‡	......	
English Milling	£104.5	......	£102
Cocoa Shipment	£1,782	+7.0	£2,017
Future Sept	£1,657	—3.0	£1,925
Coffee Future			
Sept	£1,767	—185.5	£1,394.5
Cotton 'A' Index	70.55c	+0.25	70.6c
Rubber kilo	57.25p	—	52.5p
Sugar (Raw)	£104	—1.0	£102.5
Wooltops 64s kilo	281p	......	280p

*Nominal. ‡ Unquoted. k August. w July. z June-July. x Per ton.

INDICES

FINANCIAL TIMES

June 5	June 2	Month ago	Year ago
252.77	252.46	241.27	263.34

(Base: July 1, 1952=100)

REUTER'S

June 6	June 5	Month ago	Year ago
1517.7	1515.4	1467.0	1650.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	June 5	June 2	Month ago	Year ago
Spot	357.36	355.06	362.68	422.22
Future	357.74	354.68	348.06	390.35

(Average 1924-25-26=100)

MOODY'S

Moody's	June 5	June 2	Month ago	Year ago
Spe Comm	920.3	922.9	906.0	909.4

(December 31, 1931=100)

★

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shell cod £2.70-£3.20, codlings £2.00-£3.00; large haddock £3.50-£4.00, medium £3.00-£3.70, small £2.00-£3.00; large plaice £4.00-£4.70, medium £4.00-£4.70, best small £3.40-£4.00; large skinned dogfish £8.50, medium £6.20; rockfish £2.00-£2.20; reds £1.20-£2.20; saithe 1.75-£2.40.

U.S. Markets

Sugar and metals ease

NEW YORK, June 6.

PRECIOUS metals eased on carry-over speculative liquidation following a stronger U.S. dollar. Copper closed lower on Commission House liquidation following rumours of renewal of copper production in Zaire. Sugar eased on trade arbitrage selling. Coffee closed limit up on speculative and local buying on fears of a possible frost in Brazil.

Cocoa—July 130.65 (131.00), Sept. 127.25 (125.00), Dec. 123.60, March 121.25, May 119.85, July 118.35, Sept. 117.00. Sales, 465 lots.

Coffee—"C" Contract: July 155.50-158.00 (152.01), Sept. 179.52 bid (172.52), Dec. 172.00 bid, March 167.50 bid, May 167.50 bid, July 163.13, Sept. 158.75 bid. Sales, 875 lots.

Copper—June 62.10 (62.90), July 63.60 (64.50), Aug. 64.20, Sept. 64.70, Dec. 66.40, Jan. 66.90, March 67.90, May 68.90, July 69.90, Sept. 70.90, Dec. 72.40, Jan. 72.90, March 73.90. Sales, 8,000 lots.

Cotton—No. 2: July 58.85-58.90 (58.09), Oct. 61.40 (60.65), Dec. 62.92-62.09, March 64.05, May 64.60-64.90, July 65.20-65.50, Oct. 65.25-65.75. Sales, 4,250 bales.

*Gold—June 181.00 (182.70), July 182.60 (183.70), Aug. 184.00, Oct. 186.30, Dec. 189.60, Feb. 192.40, April 195.30, June 198.30, Aug. 201.30, Oct. 204.30, Dec. 207.30, Feb. 210.30, April 213.40. Sales, 413 lots.

This edition was printed before last night's American commodity prices were available.

†Lard—Chicago loose not available (22.75 nom.). NY prime steam 24.25 asked (same asked).

†Maize—July 264-263¾ (261), Sept. 264¾ (261½), Dec. 267½-267¾, March 278¼, May 276½, July 277¼.

§Platinum—July 239.00-240.00 (243.50), Oct. 239.50-241.00 (244.20), Jan. 242.10-242.30, April 243.40-243.60, July 245.45-245.60, Oct. 247.50-247.70, Jan. 249.80-250.00.

WORLD STOCK MARKETS

Early fresh 9 rise on institutional demand

INVESTMENT DOLLAR PREMIUM
$2.60 to £—112% (109%)
Effective ($1.8240)—48¾% (46⅝%)

WITH INSTITUTIONS continuing their buying spree Wall Street bounded further ahead yesterday morning in very heavy volume.

The Dow Jones Industrial

Closing prices and market reports were not available for this edition.

Average, following Monday's 16-point advance, was 8.83 higher at 872.66 at 1 pm. The NYSE All Common Index surged forward 57 cents more to $56.54, while rises led declines by a three-to-one ratio.

First hour volume on the New York SE was the third-highest in history at 16.98m shares, compared with the record first-hour turnover of 17.58m recorded on April 25. Turnover at 1 pm reached 38.77m shares against Monday's comparable figure of 24.78m.

Analysts sai dthe institutions had waited as long as they could for a market pullback that failed to materialise, and were now committing their cash reserves before the end of the quarter.

Airline stocks drew buying interest. Volume leader Pan American were unchanged at $7⅛—a 220,000-share block was traded at $7¼.

UAL, the third most active, rose $1 to $30⅞, while Eastern, also active, tacked on ⅛ to $11⅞.

Ford Motor, which has raised prices of some small cars, added ¾ at $50⅞.

Seoa Industries moved ahead 3¼ to $23¼ in response to improved first quarter net.

PET put on ½ more to $52⅞ after rising $9¼ on Monday on news that IC Industries has proposed a merger at $54 per Pet share. IC gained 1½ to $26½.

IBM rose 1⅞ to $267⅛, Walter Kidde $1 to $34½, Schlumberger 1⅞ to $85, Boeing $1 to $53⅞ and Philip Morris 1¼ to $71¼.

THE AMERICAN SE Market Value Index advanced 0.93 further to 147.42 in extremely active conditions. Volume 3.67m shares (2.52m).

Purepac Laboratories, however, slumped 3¼ to $9⅞ on declaring that its planned merger with a company owned by John B. Coleman may be delayed or aborted.

Volume leader Syntex rose ⅞ to $30, while Amdahl added 1½ to $37⅛ and Resorts International "A" $1 to $38.

Canada

Further good progress was made in active early trading yesterday, the Toronto Composite Index rising 7.9 more to 1,145.5 at noon. Metals and Minerals advanced 12.6 to 1,012.3, Oils and Gas 5.2 to 1,359.7, Banks 2.79 to 281.20 and Utilities 0.91 to 175.80. Golds, in contrast, fell 21.3 to 1,354.4 on weaker Bullion prices.

Bluewater Oil and Gas, which resumed at noon after being halted from the opening, fell 3⅜ to $10⅛—Bluewater said that it has no knowledge of any take-over offer for the company.

Tokyo

After an early fresh improvement, stocks reacted on profit-taking to close with a majority of net losses. The Nikkei-Dow Jones Average finished 5.48 easier at 5,489.80, while volume increased to 290m shares from Monday's 210m.

Vehicles and Motor Components rose rapidly in the morning, reflecting increased domestic sales in recent months, but most ended lower on the day. Toyota Motor were Y3 off at Y995, Isuzu Motor Y8 down at Y289 and Toyo Kogyo Y10 cheaper at Y451.

Electricals, Cameras and some other leaders weakened towards the close, affected by the uncertain outlook on the Tokyo foreign exchange market, but Sony, on reports that Chrysler will create a video programme using Sony equipment, finished Y70 stronger at Y1,820.

Sasebo Heavy Industries fell Y7 to Y78 and Hakodate Dock Y4 to Y55 after reporting after-tax deficits.

Teikoku Oil rose Y10 to Y415 and was later bid at Y440 with no sellers before trading was suspended on reports that an affiliate, Egypt Oil Development, has discovered an oil field in the Gulf of Suez.

Paris

Shares were often firmer in quiet trading, with Monday's late buying following through to yesterday's session. Bourse sources could cite no particular factor for the improved tone, which came despite continuing trouble at Renault.

Virtually all sectors, except transports, gained ground, with Telephones Ericsson, in electricals, going the day's limit up initially.

Carrefour moved ahead 83 to FFr 1,625, Bouygues 35 to FFr 841, Peugeot 7.0 to FFr 374.9, and Thomson Brandt 4.9 to FFr 194.9.

Germany

Little activity occurred with stock prices again recording mixed movements. Dealers commented, however, that they were confident that the market would rise over the next few days.

Hoechst, despite announcing at its annual meeting that parent company turnover in the first five months of 1978 was down 5.2 per cent compared with a year ago, gained DM 1.20, but other leading Chemicals tended easier.

In firmer Steels, Kloeckner-Werke added DM 2.

On the Domestic Bond market, public issues were irregular with gains extending to 50 pfennigs and losses to 30 pfennigs. The Regulating Authorities bought a nominal DM 51.06m of paper (DM 21.1m).

Hong Kong

The market continued to rise throughout the session in active trading. There was good local demand for the leaders, while second-liners encountered selective buying. The Hang Seng index had its sixth successive business day's advance, closing 4.55 higher at 488.72.

Hong Kong Bank rose 30 cents to HK$16.00, Hutchison Whampoa 10 cents to HK$4.85, Hong Kong Land 5 cents to HK$8.00 and Swire Pacific also 5 cents to HK$6.45, while Jardine Matheson and Wheelock Marden were steady.

Elsewhere, Hong Kong Telephone climbed 50 cents to HK$33.00 and Hong Kong Wharf 40 cents to HK$20.40.

Australia

AUSTRALIA—Very quiet conditions prevailed following the holiday lengthened week-end, and stocks closed mixed overall but with leading Minings showing a reactionary tendency.

As the market awaited a decisive move by the Australian Government in its foreign investment guidelines and uranium policy, CRA reacted 8 cents to A$2.50, Hamersley 10 cents to A$2.35, Northern Mining 15 cents to A$1.35 and Kathleen Investments 5 cents to $A2.15, but Pancontinental advanced 30 cents to A$15.00 and Atherton Antimony 8 cents to 78 cents.

Industrial leader BHP put on 2 cents to A$7.00, while firm Banks had BNS Wales 16 cents higher at A$6.30.

Johannesburg

Gold shares shed further ground in line with the downward trend in Bullion.

Mining Financials were mainly little changed, although Charter Consolidated receded 7 cents to R3.20 following the results. De Beers were 5 cents off at R5.95 on lack of interest.

Copper issues retreated following Kolwezi production resumption and rumours of a possible Peruvian *force majeure*.

Switzerland

Prices were generally modestly higher on selective demand, sentiment being helped by the recovery of the dollar.

Oerlikon-Buehrle, Saurer Swissair and BBC moved ahead in active dealings, with BBC rising 65 to SwFr 1,720 ahead of rights trading which starts today.

Tinterhur registered were prominently firmer in insurances.

Domestic and foreign bonds were narrowly mixed.

Amsterdam

Market was in firm vein, heightened by the overnight Wall Street strength.

Hoovogens and Royal Dutch, among Dutch Internations, gained Fl 1.50 and Fl 2.20 respectively.

Elsewhere, HVA, returning after Monday's suspension, moved ahead Fl 5.50 on an announcement by HVA and Adriaan Volker that they will study the possible integration of some of their activities.

KLM rose Fl 7.50 and Van Ommeren Fl 2.

Milan

Mixed with a lower bias in thin trading.

Both Olivettis weakened following approval by shareholders of plans for a rights issue.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Eastern Airlines	399,900	11⅞	+1
Reliance Group	318,500	32¼	−⅛
Digital Equipment	311,900	51¼	+2
Polaroid	290,300	40⅛	+1¼
Grumman	289,800	20⅞	+1⅞
Baltimore Gas & Elec.	280,700	25⅞	+⅞
Squibb	279,600	32⅞	+1¼
Pet	276,500	52⅛	+9¼
Xerox	265,600	54⅛	+1⅞
Florida Power	264,400	27⅛	−⅛

NEW YORK

Stock	June 5	June 2
Abbott Labs	54⅛	52⅝
Addressograph	24¼	23⅞
Aetna Life & Cas	42½	40⅞
Air Products	29¼	29½
Airco	5	50
Alcan Aluminium	29½	28¼
Alcoa	47	47
Alleg. Ludlum	18¾	18¾
Allegheny Power	18½	18¼
[illegible]	[illegible]	[illegible]

Stock	June 5	June 2
Corning Glass	56	56½
CPC Int'n'tional	50⅞	49½
Crane	29⅝	30⅛
Crocker Nat	27⅛	26⅝
Crown Zellerbach	34	35⅛
Cummins Engine	40½	39¾
Curtiss-Wright	17⅞	17⅞
Dana	26¾	26⅛
Dart Industries	44½	43⅝
Deere	31⅛	30⅞
Del Monte	26¾	25⅝
[illegible]	[illegible]	[illegible]

Stock	June 5	June 2
Johns Manville	31⅛	30⅝
Johnson Johnson	82	80
Johnson Control	29⅝	30
Joy Manufactur'g	34⅝	34¾
K. Mart Corp	26	25⅝
Kaiser Aluminium	34¼	33
Kaiser Industries	2	1⅞
Kaiser Steel	23⅛	23⅜
Kay	13¾	14¼
Kennecott	24⅛	24⅝
Kerr McGee	49⅛	48½
[illegible]	[illegible]	[illegible]

Stock	June 5	June 2
Revlon	50	49
Reynolds Metals	33⅛	33¼
Reynolds R. J.	58	55⅝
Rich'son Merrell	26⅞	25½
Rockwell Inter.	36	36¼
Rohm & Haas	56⅞	56½
Royal Dutch	56⅞	56⅜
RTE	17	17
Russ Togs	13¾	14¼
Ryder System	23	42
Safeway Stores	41¼	40⅝
[illegible]	[illegible]	[illegible]

Stock	June 5	June 2
Woolworth	19⅞	19⅞
Wyly	4⅞	4⅞
Xerox	54⅝	53½
Zapata	15⅝	15⅝
Zenith Radio	16⅞	16⅛
U.S. Treas 4% 1980	†94⅛	†94⅛
U.S. Treas 4¼% 75/85	†80⅝	†80⅝
U.S. 90 Day bills	6.56%	6.66%

† Bid ‡ Asked § Traded ¶ New stock

CANADA

[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♠ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross. div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs: including Unilac div. *p* Nom. *q* Share split. *s* Div and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

GERMANY ♦

June 6	Price Dm.	+ or −	Div. %	Yld. %
AEG	81.90	+0.60	—	—
Allianz Versich.	471.5	+1.5	20	1.9
BMW	236.50		28.06	6.0
BASF	139.90	+0.20	18.76	6.7
Bayer	139.50	−0.40	18.75	6.7
Bayer. Hypo.	275.5 xl	+0.5	28.12	5.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

June 6	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	355		14	2.1
Canon	465	−2	12	1.3
Casio	600	+2	25	2.1
Chinon	342	+2	20	2.9
Dai Nippon Print	531	+2	18	1.7
Fuji Photo	565	+8	15	1.3
Hitachi	245	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

[illegible]

AMSTERDAM

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN ♣

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

AUSTRALIA

June 6	Aust. $	+ or −
ACMIL (25 cent)	0.72	
Acrow Australia	1.81	
Allied Mng. Ind. Inds. $1	2.22	+0.02
Ampol Exploration	1.28	−0.02
Ampol Petroleum	0.79	+0.01
Assoc. Minerals	1.21	−0.02
[illegible]	[illegible]	[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

BRAZIL

June 6	Price Cruz	+ or −	Div. Cruz	Yld. %
Banco do Brasil	2.20	−0.05	1.17	7.75
Banco Itau	1.25		0.57	29.6
Belgo Mineira OP	2.20		.08	3.64
Lojas Americ. OP	3.55	+0.01		5.97
Petrobras PP	2.99	+0.05	.13	4.35
Pirelli	1.70	−0.02	.15	8.41
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Vol. Cr. 151.6m. Shares 80.2m. Source: Rio de Janeiro SE.

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand U.S.$0.72¾ (Discount of 36.7%)

SPAIN ♥

[illegible]

Indices

NEW YORK—DOW JONES

	June 6	June 2	June 1	May 31	May 30	May 26	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	863.83	847.54	840.70	840.61	834.28	831.69	863.83 (5/6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bn'ds*	88.06	87.96	87.96	88.01	88.74	88.75	90.85 (4/1)	86.86 (6/6)	—	—
Transport	229.56	226.04	224.58	225.85	224.89	225.76	231.38 (22/5)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.56	106.69	105.75	105.51	104.87	104.47	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	39,560	31,980	28,750	29,080	21,840	21,470	—	—	—	—

*Basis of Index changed from August 24

Ind. div. yield %	June 2	May 26	May 19	Year ago (approx.)
	5.50	5.59	5.48	4.81

STANDARD AND POORS

	June 5	June 2	June 1	May 31	May 30	May 26	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	110.85	108.49	107.60	107.51	107.08	106.78	110.85 (5/6)	95.52 (6/3)	134.84 (11/1/73)	3.52 (30/6/32)
§Composite	98.95	98.14	97.35	97.24	96.86	96.58	98.96 (5/6)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 31	May 17	May 10	Year ago (approx.)
Ind. div. yield %	5.01	4.85	5.04	4.61
Ind. P/E Ratio	9.29	9.53	9.15	10.01
Long Govt. Bond yield	8.51	8.42	8.43	7.67

N.Y.S.E. ALL COMMON

June 5	June 2	June 1	May 31	1978 High	1978 Low
55.97	55.05	54.59	54.52	55.37 (5/6)	48.37 (6/3)

Rises and Falls	June 5	June 2	June 1
Issues traded	1,914	1,889	1,893
Rises	1,117	930	711
Falls	438	538	731
Unchanged	359	421	451
New Highs	174	95	56
New Lows	42	44	58

MONTREAL	June 5	June 2	June 1	May 31	1978 High	1978 Low
Industrial	182.62	181.53	180.95	180.55	182.61 (22/5)	162.39 (16/2)
Combined	192.55	193.99	190.45	190.28	192.86 (22/5)	170.62 (30/1)
TORONTO Composite	1137.6	1132.3	1128.8	1126.8	1137.6 (5/6)	998.2 (30/1)
JOHANNESBURG Gold	211.6	212.8	215.0	(c)	278.7 (1/2)	185.0 (20/4)
JOHANNESBURG Industrial	224.3	226.1	226.0	(c)	226.1 (2/6)	194.9 (13/3)

	June 6	Previous	1978 High	1978 Low
Australia (*)	496.68	(c)	501.05 (30/5)	441.18 (1/3)
Belgium (‖)	96.67	96.77	101.16 (8/5)	95.43 (25/5)
Denmark (**)	96.14	(c)	98.15 (19/1)	94.00 (6/2)
France (††)	70.1	(u)	71.2 (30/5)	47.8 (3/3)
Germany (‡‡)	789.5	782.9	812.7 (10/2)	769.4 (17/5)
Holland (§§)	86.1	85.5	86.1 (6/6)	76.0 (6/4)
Hong Kong (‖‖)	488.72	484.17	488.72 (6/6)	383.44 (13/1)
Italy (‖‖)	63.96	63.06	64.25 (22/5)	55.45 (10/1)
Japan (a)	410.61	410.74	416.11 (19/4)	364.04 (4/10)
Singapore (b)	313.89	316.20	316.28 (1/6)	282.0 (1/3)

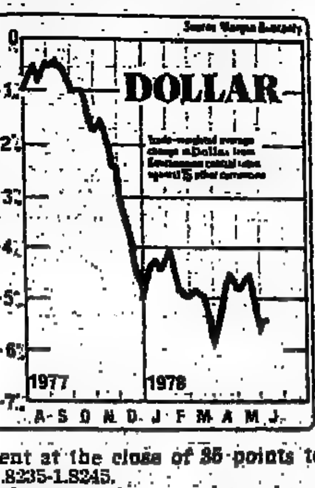
	June 6	Previous	1978 High	1978 Low
Spain (d)	104.18	—	110.73 (9/5)	87.88 (17/3)
Sweden (e)	368.89	371.55	387.95 (3/5)	325.74 (5/1)
Switzerl'd (f)	292.7	289.5	323.7 (14/2)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (*) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (‖‖) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

Currency, Money and Gold Markets

Subdued trading

Conditions in yesterday's foreign exchange remained quiet with business at a generally low level. Sterling opened weaker at $1.8175-1.8185 in terms of the U.S. dollar and eased to a low for the day of $1.8160. Intervention by the Bank of England was detected although not on the same scale as Monday. In fact very little happened ahead of the afternoon publication of UK banking figures for mid-May and although these showed an increase in eligible liabilities of 1.4 per cent, general market reaction was favourable mainly because of previous fears of a greater increase. Immediately after the announcement, sterling jumped to $1.8250-1.8260 and although this level was not held, the pound showed an improvement at the close of 35 points to $1.8235-1.8245.



Events also registered a favourable reaction on forward sterling with the three-month discount against the dollar narrowing slightly to 1.47c from 1.50c while the 12-month also improved to 6.10c against 6.17½c.

Using Bank of England figures, the pound's trade weighted index rose from Monday's close of 61.1 to 61.3. The opening calculation was unchanged at 61.1 and at noon showed an improvement at 61.2.

The U.S. dollar opened marginally firmer but rumours of a two-tier market in Switzerland, which had helped to boost the dollar, were officially denied by Swiss authorities and consequently the U.S. currency staged a general decline. Against the Swiss franc, the dollar eased to SwFr1.9135 from SwFr1.93¾ and the West German mark also improved in dollar terms to DM2.0880 against DM2.0942½ previously. In New York at noon, Morgan Guaranty's calculation of the dollar's trade weighted average depreciation was unchanged at 5.4 per cent.

Frankfurt: The dollar fluctuated through a wide range in fairly hectic trading, standing at DM2.0932 near the close, compared with DM2.0913 at the fixing and about DM2.0950 in early trading. The dollar moved between DM2.0880 and DM2.0980 during the day. The market was nervous over the correct rate for the dollar against major currencies, particularly the Swiss franc, with the fluctuations of the D-mark tending to follow the Swiss unit. Most other currencies showed a decline against the D-mark.

Paris: The French franc showed little change in terms of the dollar and other major European currencies after a day of quiet trading.

In the absence of any significant news the franc finished at FFr 4.6162½ against the dollar, compared with FFr 4.6172½ in the morning. It had fallen to FFr 4.6037½ in late business on Monday however.

Sterling closed at FFr 8.3903, against FFr 8.3910 in the morning, and FFr 8.38 on Monday. The German D-mark was quoted at FFr 2.2040, compared with FFr 2.2035 early, and FFr 2.2030 previously, while the Swiss franc finished at FFr 2.3940, against FFr 2.3945 in the morning, and FFr 2.41 on Monday.

Zurich: The dollar lost ground generally, with trading described as active in early trading, although there was no indication of intervention by the Swiss authorities. Rumours of a two-tier market in Switzerland were denied by the central bank, and this tended to increase the pressure on the U.S. currency.

Tokyo: The U.S. dollar managed to recoup some of its earlier losses, closing at Y220.77½ against the Yen compared with Y219.75 on Monday. It opened at Y220.5 and early selling of the dollar by some banks pushed the rate down to Y219.95 at one point. However, positions were reversed later in the day and in fairly active trading the dollar saw a high for the day of Y221.1. Market volume was fairly heavy at $537m turnover for spot delivery and $666m in forward and swap trading.

THE POUND SPOT / FORWARD AGAINST £

June 6	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7	1.8160-1.8260	1.8235-1.8245	0.55-0.45c pm	3.15	1.52-1.42c pm	3.22
Canadian $	8½	2.0280-2.0400	2.0380-2.0400	0.50-0.40c pm	2.65	1.65-1.55c pm	3.14
Guilder	4	4.06-4.10	4.08-4.09	2⅝-1⅝ c pm	6.24	7¼-6¼ c pm	6.61
Belgian Fr	5½	59.40-59.75	59.60-59.70	30-20 c pm	5.03	90-80 c pm	5.70
Danish Kr.	9	10.22-10.51	10.50-10.51	2¼-4¼ ore dis	-3.70	7½-9½ ore dis	-3.50
D-Mark	3	3.80-3.82½	3.80½-3.81½	2⅞-1⅞ pf pm	7.48	8-7 pf pm	7.87
Port. Esc.	18	82.60-85.50	82.60-83.10	25-185 c dis	-16.21	100-600 c dis	-14.48
Span. Pes.	8	145.40-146.20	146.00-146.10	35-115 c dis	-6.16	150-250 c dis	-5.20
Lira	11½	1,565-1,574	1,573-1,574	par-5 lire dis	-1.14	2-6 lire dis	-0.89
Nrwgn. Kr.	7	9.81-9.88½	9.87½-9.88½	1-3 ore dis	-2.43	3½-5½ ore dis	-1.72
French Fr.	9½	8.37-8.42	8.40½-8.41½	1 c pm-par	0.71	3¼-2¼ c pm	1.54
Swedish Kr.	7	8.41-8.48	8.45-8.46	1½ ore pm-½ dis	0.71	6½-5½ ore pm	2.25
Yen	3½	400-418	403-405	—		—	
Austria Sch	5½	27.35-27.50	27.40-27.50	16-6 gro pm	3.50	32-22 gro pm	3.95
Swiss Fr.	1	3.47½-3.51½	3.49½-3.49½	5½-2½ c pm	9.85	9½-8½ c pm	9.89

Belgian rate is for convertible francs. Financial francs 59.50-60.00.

Six-month forward dollar 3.10-3.00c pm, 12-month 6.15-6.05c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

June 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	89.43-89.60	89.43-89.46	0.03-0.01c dis	-0.25	0.05-0.03c dis	-0.17
Guilder	2.2390-2.2460	2.2405-2.2420	0.66-0.61c pm	2.97	1.96-1.91c pm	3.41
Belgian Fr	32.60-32.75	32.73-32.75	0.08-0.07c pm	2.61	0.23-0.21c pm	2.78
Danish Kr	5.6325-5.6500	5.6485-5.6500	—		—	
D-Mark	2.0892-2.0960	2.0942-2.0952	0.83-0.78c pm	4.38	2.54-2.49c pm	4.76
Port. Es	—	45.85-46.05	—		—	
Lira	862.60-863.35	862.90-863.10	2.85-3.15 lire dis	-4.16	9.25-10 lire dis	-4.42
Nrwgn. Kr	5.3975-5.4160	5.4150-5.4160	—		—	
French Fr	4.6130-4.6180	4.6130-4.6150	0.80-0.90c dis	-1.92	2.20-2.40c dis	-1.72
Swedish Kr	4.6310-4.6360	4.6340-4.6350	—		—	
Yen	220.75-221.25	221.05-221.25	10.3-9.3y pm	4.90	29-27.5y pm	5.07
Austria Sch	—	15.05-15.55	—		—	
Swiss Fr	1.9150-1.9287	1.9245-1.9260	1.09-1.04c pm	6.30	3.25-3.20c pm	6.63

* U.S. cents per Canadian $.

CURRENCY RATES

	Special Drawing Rights June 5	European Unit of Account June 5
Sterling	0.674236	0.678555
U.S. dollar	1.22603	1.23360
Canadian $	1.37180	1.38065
Austria sch	18.3363	18.4488
Belgian franc	39.9441	40.1908
Danish krone	n.a.	n/a
Deutschemark	2.55112	2.56717
Dutch guilder	2.73283	2.74986
French franc	5.62503	5.65919
Italian lira	1056.16	1062.65
Japanese yen	270.401	270.509
Norway krone	6.60217	6.64037
Spain peseta	97.9868	98.5431
Swedish krone	5.65568	5.69074
Swiss franc	2.30494	2.37941

CURRENCY MOVEMENTS

June 6	Bank of England index	Morgan Guaranty changes %
Sterling	61.28	-41.9
U.S. dollar	89.57	- 5.4
Canadian dollar	86.12	-12.0
Austrian schilling	141.25	+19.4
Belgian franc	111.36	+13.0
Danish krone	116.14	+ 6.7
Deutsche Mark	141.60	+36.5
Swiss franc	179.91	+73.4
Guilder	121.31	+18.8
French franc	98.48	- 5.0
Lira	56.64	-46.0
Yen	[illegible]	+33.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

	£	$		£ Notes Rate
Argentina Peso	1,424-1,428	780-785	Austria	27-28¼
Australia Dollar	1.5985-1.6147	0.8770-0.8846	Belgium	59-60½
Finland Markka	7.81-7.82	4.2890-4.3010	Denmark	10.20-35
Brazil Cruzeiro	31.60-32.10	17.32-17.60	France	8.30-8.45
Greece Drachma	66.946-68.600	36.70-37.60	Germany	3.75-3.90
Hong Kong Dollar	8.45-8.46½	4.6440-4.6470	Italy	1540-1600
Iran Rial	125-131	68½-71¼	Japan	400-410
Kuwait Dinar (KD)	0.498-0.508	0.2730-0.2785	Netherland	4.00-4.15
Luxembourg Franc	59.60-59.70	32.68-32.71	Norway	9.80-10.00
Malaysia Dollar	4.3375-4.3500	2.3890-2.3910	Portugal	77-85
New Zealand Dollar	1.7844-1.8025	0.9815-0.9905	Spain	143-146
Saudi Arabia Riyal	6.22-6.32	3.41-3.46	Switzerland	3.40-3.55
Singapore Dollar	4.2300-4.2425	2.3280-2.3300	United States	1.81½-1.83
South African Rand	1.5678-1.5931	0.8595-0.8735		

EXCHANGE CROSS-RATES

June 6	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.824	3.810	404.0	8.408	3.490	4.085	1574.	2.040	59.65
U.S. Dollar	0.548	1.	2.089	221.5	4.609	1.913	2.240	862.7	1.118	32.70
Deutsche Mark	0.262	0.479	1.	106.0	2.207	0.916	1.072	413.0	0.535	15.66
Japanese Yen 1,000	2.475	4.515	9.431	1000.	20.81	8.639	10.11	3895.	5.048	147.6
French Franc 10	1.189	2.169	4.532	[illegible]	10.	4.151	4.859	1872.	2.426	70.95
Swiss Franc	0.287	0.523	1.092	115.8	2.409	1.	1.170	450.9	0.584	17.09
Dutch Guilder	0.245	0.447	0.933	98.90	2.058	0.854	1.	385.2	0.499	14.60
Italian Lira 1,000	0.636	1.159	2.421	256.8	5.343	2.218	2.596	1000.	1.296	37.91
Canadian Dollar	0.490	0.894	1.868	198.1	4.122	1.711	2.003	771.5	1.	29.25
Belgian Franc 100	1.676	3.058	6.387	677.3	14.09	5.851	6.848	2638.	3.419	100.

EURO-CURRENCY INTEREST RATES*

June 6	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10-10½	7-8	7⅛-7¼	4⅝-4⅞	1-1⅛	3-3½	10-10¼	0.05-0.10	—	3¼-5¼
7 days notice	10-10½	7-8	7⅛-7¼	4⅝-4⅞	1-1⅛	3-3½	10-10¼	0.25-0.50	7⅛-7¼	1⅛-3⅛
Month	10⅞-11⅛	7⅝-8	7⅝-7⅞	4⅝-4⅞	1¼-1⅜	3⅜-3½	9⅞-10	0.75-1.75	7⅞-8	2⅛-2⅞
Three months	11⅛-11⅜	8⅛-8⅝	8-8¼	4¾-5	1⅝-1½	3⅜-3½	9⅞-10	2.75-4.75	8⅛-8¼	2⅞-3¼
Six months	12-12¼	8⅝-8⅞	8⅜-8⅝	5⅞-5⅜	1⅞-1⅝	3½-3⅝	10⅜-10½	8.25-11.75	8½-8⅝	3⅜-3⅝
One year	12⅜-12⅝	8½-8⅞	8⅝-8⅞	5¼-5½	1⅞-2⅛	3⅝-3⅞	10¾-11	25.50-22.50	8¼-8½	4-4⅛

Long-term Eurodollar deposits, two years 8½-8⅝ per cent; three years 8⅝-9 per cent; four years 8¾-9⅛ per cent; five years 9-9¼ per cent. Short term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

* Rates are nominal closing rates.

INTERNATIONAL MONEY MARKET

French interest rates ease

The recent easier trend in French domestic interest rates was reinforced yesterday by a cut in money market intervention rates by the Bank of France. The authorities bought FFr 5.5bn first category paper at 7¾ per cent, compared with 7⅞ per cent previously.

All pension rates against Treasury bills and eligible medium term paper were cut by the same amount.

The Bank of France bought paper over two periods from June 16 to 20 and June 21 to 25, which leaves June 26 to 29 and July 1 to 5 as periods so far unserved.

It is expected that the cut will increase pressure on commercial banks to reduce base rates from the present 9.3 per cent, and comes despite the recent rise in U.S. interest rates.

Brussels: Rates on two-month Belgian Treasury certificates were raised to 5.5 per cent from 5.4 per cent and on three-month paper to 5.75 per cent from 5.6 per cent according to the Central Bank.

Rates on one-month certificates were unchanged at 5.23 per cent. The move was seen as adjusting the rates to money market conditions. At 5.4 per cent for two-month paper the previous rate was below two-month money market rates of 5½-5¾ per cent, and on three-month certificates the old rate was also out of line with market rates of 5¾-5⅞ per cent. The rise was not expected to signal any impending changes in key lending rates, with the Discount and Lombard rates each standing at 5.5 per cent.

TOKYO — Bills worth about Y100bn have been traded on the Japanese capital market at 4.25 per cent, under a recently announced system aimed at liberalising short-term Japanese money rates.

The scheme introduced last week is to free the resale rate of bills which have passed on month-end, but have not reached maturity.

The rate of 4.25 per cent compares with 4.75 per cent for unconditional money, and for bills over two month-ends, both fixed through consultation with the central bank.

NEW YORK—Treasury bill rates showed mixed changes, with 13-week bills rising to 6.61 per cent bid from 6.58 per cent earlier, while 26-week bills eased to 7.10 per cent from 7.11. One-year bills also declined to 7.31 per cent from 7.33 per cent.

Federal funds were quoted at 7⅞ per cent bid, compared with 7½ per cent earlier. One month certificates of deposit were unchanged at 7.30 per cent, while two-months fell to 7.41 per cent from 7.43 per cent, and three-months to 7.57 per cent from 7.65 per cent.

GOLD

Weaker tendency

Gold continued to lose ground in the London bullion market yesterday. After the morning fix of $181.95, the metal weakened mainly in response to a firmer dollar and with later selling out of New York, the afternoon fixing showed a further decline to $181.05. However, with the dollar losing ground during the afternoon the metal came off the bottom after an opening level of $182-182¾ an ounce to close at $181-181½, a loss of $1¼ on the previous close. Business was at a generally low level ahead of today's IMF gold auction.

	June 6	June 5
Gold Bullion (a fine ounce)		
Close	$181-181½	$182¼-183
Opening	$182-182¾	$182¼-183
Morning fixing	$181.95 (£99.946)	$182.50 (£100.302)
Afternoon fixing	$181.05 (£99.478)	$183.05 (£100.577)
Gold Coins domestically		
Krugerrand	$187½-189½ (£103-104)	$189-191 (£104-105)
New Sovereigns	$52¾-54¾ (£28¾-29¾)	$53¾-55¾ (£29½-30½)
Old Sovereigns	$55¼-57¼ (£30¼-31¼)	$56¼-58¼ (£31-32)
Gold Coins internationally		
Krugerrand	$186-188 (£102-103)	$188-190 (£103½-104½)
New Sovereigns	$52½-54½ (£28¾-29¾)	$52½-54½ (£28-30)
Old Sovereigns	$55½-57½ (£30½-31½)	$58½-58½ (£31-32)
$20 Eagles	$274½-277½	$276½-279½
$10 Eagles	$151½-154½	$160-165
$5 Eagles	$96-99	$98-102

UK MONEY MARKET

Market uncertain

Bank of England Minimum Lending Rate 9 per cent (since May 12, 1978)

While conditions remained generally dull in yesterday's London money market, interest rates registered a firmer tendency overall. This reflected not only uncertainty surrounding the mid-May banking figures but also the seeming inevitability of Government measures to tackle the problem of keeping money supply growth within official projections. Consequently discount houses buying rates for three-month Treasury bills rose to 8½⅜ per cent from 8⅜⅜ per cent on Monday while three-month eligible banks showed an increase to 9¼-9⅛ per cent against 9⅛-9⅛ per cent.

Day to day credit appeared to be in slightly short supply, and the authorities bought a very small amount of Treasury bills direct from the discount houses. Conditions for the rest of the week are seen as being rather flat although any inclination seems to be towards a slightly tighter situation as regards short term credit. The market was faced with an excess of revenue transfers to the Exchequer over Government disbursements but this was almost equally balanced by Treasury bills maturing outside official hands.

Discount houses paid around 8 per cent for secured call loans at the start and closing balances were taken anywhere between 7 per cent and 7½ per cent. In the interbank market overnight loans opened at 8⅜-8½ per cent and eased to 7¾-8 per cent where they stayed until about 3 pm when rates fell away to close at 5-7 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 6 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	6-8½	—	—	—	8¼	7-8	—	—	—
2 days notice	—	—	8⅜-8½	—	—	—	—	—	—	—
7 days or 7 days notice	—	8⅜-8⅝	8½-8⅝	—	8¾-9	8¾	7⅞-8	—	—	—
One month	8¹³⁄₁₆-8¹¹⁄₁₆	9¼-9⅜	8¾-8⅞	9⅜-9	9⅛-9½	9¼	8⅛-8¼	8⅝-8½	8⅝-8⁹⁄₁₆	9⅜
Two months	9-9	9⅜-9⅝	—	9¼-9	9⅝-10	—	8⅜-8½	8⅞-8⅞	9⅛	9⅝
Three months	9-9	9¾-10	9⅛-9¼	9⅝-8⅞	10-10⅛	—	8⅝-8¾	8½	9¼-9⅜	9⅞
Six months	10⅛-10	10½-10¾	9⅞-10	9⅝-9¼	10⅝-10¾	—	—	—	10-10⅛	10-10¼
Nine months	10-10	10⅝-10⅞	—	10⅜-10	11-11	—	—	—	—	—
One year	10-10⅝	10⅞-11	10¼-10½	10½-10⅛	10⅞-11⅛	—	—	—	—	—
Two years	—	—	11	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 12¼-12¼ per cent; five years 12¼-12½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bill 9¹⁵⁄₁₆-9⅞ per cent; four-month trade bills 9¹⁵⁄₁₆-9⅞ per cent.

Approximate selling rates for one-month Treasury bills 8⁷⁄₁₆-8½ per cent; two-month 8⁹⁄₁₆-8²¹⁄₃₂ per cent; and three-month 8¹¹⁄₁₆ per cent. Approximate selling rate for one-month bank bills 8¾-8⅞ per cent; and two-month 8⅞ per cent; and three-month 9¹⁄₁₆-9⅛ per cent. One-month trade bills 9¼ per cent; two-month 9½ per cent; and also three-month 9¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 8½ per cent from June 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6 per cent. Clearing Bank Base Rates for lending 9 per cent. Treasury Bills: Average tender rates of discount 8.7723 per cent.

MONEY RATES

NEW YORK

Prime Rate	8.5
Fed. Funds	7.4375
Treasury Bills (13-week)	6.61
Treasury Bills (26-week)	7.10

GERMANY

Discount Rate	3
Overnight	3.5
One month	3.6
Three months	3.6
Six months	3.7

FRANCE

Discount Rate	9.5
Overnight	7.875
One month	7.75
Three months	8
Six months	8.25

JAPAN

Discount Rate	3.5
Overnight	1
Three months	2
Six months	3.25
One year	4

STOCK EXCHANGE REPORT

Dull late trend in Gilt-edged after banking figures

Industrial leaders edge higher—Index up 3.2 at 477.7

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The after-hours' announcement of the eagerly-awaited banking figures for mid-May prompted an easier late trend in the Gilt-edged sector, but had little impact on the equity leaders which held on to initial small improvements.

After a dull and nervous start, when prices eased afresh by an ¼ and occasionally more, gilts encountered some bear closing and at the official close earlier losses were replaced by widespread gains ranging to ¼. The late tone, however, was soon affected by a poor reception to the banking figures.

By way of contrast, the majority of the equity leaders closed around the day's best. Scattered small offerings were easily absorbed by the odd useful buying order and the FT 30-share index gradually edged higher during the course of the day to close with a gain of 3.2 at 477.7. The volume of trade, however, again left much to be desired; official markings of 4,644 showed no change on Monday's and very little on the week-ago 4,575.

Elsewhere in the equity sectors, bid speculation was again evident and overseas-based stocks often made progress in line with a fresh advance in the dollar premium. Investment Trusts, particularly those with an American content, also recorded some useful gains, interest here being enlivened by the sharp overnight improvement on Wall Street; the FT-Actuaries index for the sub-sector gained 0.9 per cent to 209.29 compared with a rise of 0.5 per cent, to 216.71, in the All-Share index.

Gilt rally halted

A technical rally in the Gilt-edged market quickly came to a halt yesterday when the banking figures for mid-May became known. Sentiment in the earlier dealings was again uncertain, but the covering of bear positions after the recent downward drift pushed the market to higher levels. By the official close, initial losses were more than recouped and prices were showing improvements ranging to $\frac{1}{16}$ in the shorts and to ¼ in the later maturities. The final tone, however, turned distinctly dull and opening quotations were expected to be lowered today.

From Monday's lowest total so far of 250 contracts, the numbers of deals in London Traded Options yesterday improved to 360. The volume of trade again left much to be desired but Land Securities claimed a good deal of attention following the results and were the most active with 83 contracts recorded, while Courtaulds were close behind with 82 followed by Shell, 59, and GEC, 57.

Behind Wall Street advices, buyers came again for the investment currency premium and helped to push the rate forward again in thin conditions to a close of 112 per cent, a rise of 3 on the day. Yesterday's conversion factor was 0.6763 (0.6868).

The expected follow-through in demand for C. D. Bramall failed to materialise and in a relatively quiet trade the shares firmed 2 to 91p compared with the placing price of 75p.

Comp. Insurances up

Publicity given to a broker's bullish yearly review helped Composite Insurances to make headway. Royal put on 5 to 362p and General Accident added 4 at 218p. Elsewhere, C. E. Heath hardened 3 to 270p as did Willis Faber, to 265p, while Pearl put on 4 to 242p.

Late publication of the mid-May banking statistics failed to stir the major clearing Banks which had traded quietly around overnight levels throughout the day. NatWest closed 2 dearer at 272p and Midland 3 better at 358p. Reflecting investment currency premium influences, foreign issues generally made good progress: Algemene added 2¼ points to £128¾ and Deutsche gained 1¾ to £114¼, while Hong Kong and Shanghai ended 9 up at 280p.

Still anticipating potential benefits from the Bass Charrington decision to market the company's Highland Queen brand, Macdonald Martin Distilleries rose 30 to 450p for a three-day gain of 80. Amalgamated Distilled Products, however, eased to 36p before closing 4 cheaper on balance at 38p. Breweries were idle and little changed.

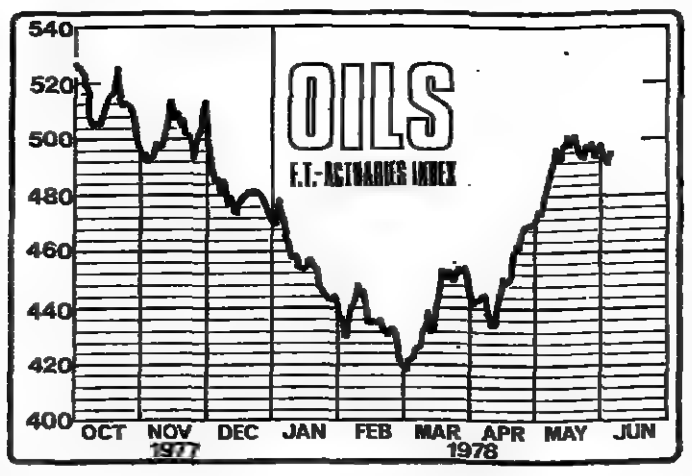
After a hesitant start, selected Buildings issues made progress in a continuation of the previous day's quiet trade. Marchwiel put on 12 to 310p on the imminent instigation of the capital reorganisation plans. Against the trend, Tilbury Contracting eased 5 to 290p. Ibstock Johnsen added 2 to 172p following news of the acquisition of the U.S. company Marion Brick, while the forecast of continued growth by the chairman prompted a rise 3 to 64p in W. and J. Glossop. A. Monk closed 3 dearer at 100p on speculative buying following Saint Piran's increased share stake, but Johnson-Richards Tiles gave up a similar amount to 91p.

After initial caution, ICI firmed 4 to 392p and Fisons 3 to 357p. Elsewhere, Craig and Rose put on 30 to 450p in a thin trade following the results, but Carless Capel shed a penny to 34p on the lower profits.

In Cinemas, Westward Television firmed 1½ to 26½p on small buying.

Philips Lamp good

Philips' Lamp featured Electricals with a rise of 37 to 982p in sympathy with the improvement in the dollar premium. Substantially higher interim profits lifted Comet Radiovision 6 to 132p.



Stores were looking a little better in the late trade following the final April retail sales figures. A. G. Stanley rose 6 to 126p for a two-day rise of 11. Selincourt hardened 1½ to 24p on Press comment and the chairman's statement, but further consideration of the interim figures clipped 5 more from Martin the Newsagent at 242p. NSS Newsagents reacted 4 to 106p in sympathy.

Small irregular price movements were the order of the day among the Engineering leaders after a small trade. Hawker continued firmly at 222p, up 2, but Tubes receded 3 to 380p. Spooner Industries edged forward a penny to 73p on the rejection of Redman Heenan's cash offer of 65p per share, while Fluidrive, which is currently in receipt of a bid worth 74p per share from Thomas Tilling, improved 2½ more to 79½p.

Tate and Lyle, interim figures next Thursday, revived with a rise of 4 to 174p in lack-lustre Foods. Morgan Edwards continued to attract speculative interest and rose 2 to 37p for a two-day improvement of 6. Linfood were also 2 higher, at 140p, following news that Guiness Peat had increased its shareholding, but Associated British Foods, a firm market of date, eased a penny to 69p.

Savoy A featured Hotels and Caterers, improving 4 to a 1978 peak of 87p as bid hopes revieved. Rowton hardened 2 to 170p on the incerased profits, while other firm spots included Reo. Stakis, 1½ up at 50p, and Ladbroke, 3 better at 193p.

Utd. Carriers wanted

Miscellaneous Industrial leaders held on to earlier small improvements following late publication of the mid-May banking figures and, in some cases, improved a penny or so further. Bowater, 192p, and Unilever, 530p, both closed with gains of 4, while Press comment on the better-than-expected annual results helped Metal Box to firm 5 more to 313p. Wall Street influences were behind a gain of 6 to 260p in Rank Organisation. Elsewhere, speculative buying fuelled by take-over suggestions helped United Carriers stand out with a jump of 11 to 80p, while buying of a similar nature left Norman Hay up 6 at 55p. Office and Electronic also met speculative support and hardened 3 more to 113p, while Pritchard Services edged forward 1½ to 37½p in response to the chairman's encouraging statement. A shade easier at 325p ahead of the preliminary results, De La Rue rallied on the announcement to finish 6 higher on the day at 333p. Grovebell continued firmly at 34p, up 2, and Morgan Crucible picked up 4 more to 113p. Reflecting Wall Street influences, Dover Corporation rose ¾ to £38¼ and Franklin Mint gained 50 to 845p, while the firm investment currency premium prompted gains of 4 in Jardine Matheson, 240p, and Hutchison, 85p. Elson and Robbins, on the other hand, cheapened 6 to 92p in reaction to the disappointing annual results and Wedgwood declined 11 to 221p for a similar reason. The announcement that two directors had substantially reduced their shareholdings unsettled Valor which touched 41p before closing a penny easier on balance at 44p. Camrex shed 4 to 64p following the chairman's profits warning and Sotheby Parke relinquished 5 further to 287p.

Proceedings in Motors and Distributors were enlivened by the strong performance of Heron Motor which jumped 16½ to 130p in thin trading on a Press suggestion that the preliminary figures expected shortly will be good. Other issues were quietly firm despite a gloomy forecast on the industry's prospects. Dana Corporation hardened ⅞ to £23¼. Wadham Stringer held at 45p following news of its decision to take on a Vauxhall/Bedford main dealership.

In newspapers, Thomson closed 7 to the good at 255p in response to the chairman's confident remarks concerning future earnings, and News International found support and rose 5 to 243p. Elsewhere, McCorquodale put on 3 to 273p ahead of today's figures and Usher-Walker rose 8 to 58p on renewed interest in a thin market. In contrast, speculative favourite Mills and Allen shed 10 to 153p.

Properties passed a quiet session awaiting the annual figures from Land Securities which stood a couple of pence higher at 215p before the announcement, but immediately eased to 212p on it before rallying to 217p and closing 2 up on balance at 215p. Hammerson "A" firmed 5 to 580p, while Bradford and Great Portland Estates added 2 apiece to 225p and 302p respectively; the last named has results due next week. McKay Securities were marked 15 higher to 220p on small interest in a restricted market, but recent speculative favourite Property Partnerships reacted 4 to 116p on profit-taking.

Oils were again neglected but Wall Street advices prompted a rise of 10 to 576p in British Petroleum, while Shell added 7 to 561p in response to Government approval for the plan to exploit the North Sea Fulmar Field. Siebens UK attracted revived speculative interest and rallied 25 to 383p and, similarly, Oil Exploration rose 18 to 256p. Investment dollar premium influences were responsible for strength in Ranger Oil which added 2¾ to £25 and in Royal Dutch which closed a point higher at £46.

Small buying in anticipation of today's preliminary figures lifted Harrisons and Crosfield 12 to 462p, while S. and W. Berisford were raised 5 to 135p ahead of next Thursday's results. After the recent sharp fall on the Tanzanian situation, Lonrho eased afresh to 59p before closing without alteration at 60p. James Finlay were slightly easier at 345p following the results and capital proposals.

Overseas issues made the running in a firm Investment Trust sector on a combination of Wall Street and currency influences. Argo Investments rose 4 to 142p, while Selected Risk Investment, 420p, and U.S. Trust Fund, 845p, put on 30 apiece. Robeco hardened a point to £61½ as did Rolinco, to £47. Gains of around 4 were seen in City and Foreign Investment, 84p, and Second Alliance Trust, 188p, while Channel Islands Capital improved 20 to 540p. In Financials, renewed speculative interest left London European 2 up at 29p.

P and O Deferred dominated proceedings in Shippings, closing 3 better at 100p, after 101p, following a good two-way business in front of today's annual meeting.

Higher earnings failed to sustain Parkland "A" which eased 3 to 78p in quiet Textiles. Nova Jersey, a recent speculative favourite, lost a like amount at 47p, but William Reed edged forward a penny to 90p on the chairman's statement on future trading. BAT Industries provided a dull spot in Tobaccos, losing 3 to 335p on selling following adverse publicity given to the company's sale of high-tar cigarettes in third-world countries.

The early-morning announcement that the bid from Harrisons and Crosfield had been made unconditional led to a rise of 6 to 98p in Harrisons Malaysian Estates. Guthrie cheapened 3 to 317p ahead of tomorrow's annual results. Elsewhere, Warren jumped 12 to 234p with sentiment buoyed by the sharp advance in the coffee price.

Quiet Mines

Features in mining markets were few and far between as business remained at a low ebb. Even Australians, where trading has been quite hectic recently, were subdued as a downturn in overnight Sydney and Melbourne saw prices here drift easier throughout the day prior to a modest rally towards the close.

Movements were generally restricted to a few pence either way with falls of around 2 common to Northern Mining, 103p, BH South, 98p, and Conzinc Riotinto, 230p.

Among the more speculative issues, similar losses were seen in Metals Exploration and Faringa at the common price of 35p, while Tasminex dropped 3 to 70p.

On the other hand North Broken Hill recovered from a dull start to close unchanged on balance at 126p, after 123p, while Peko-Wallsend were in demand and finaly a shade firmer at 508p.

The further weakness in the bullion price, which gave up $1.25 more to $181.375 per ounce for a two-day fall of $4, in front of today's International Monetary Fund gold auction caused marginal losses in South African golds. The firmer investment currency premium, however, cushioned prices to the extent that the Gold Mines index ended a mere 0.1 easier at 153.9.

In Financials, Charter Consolidated shrugged off initial disappointment with the results and closed unchanged at 138p after dipping to 133p following the figures. Other London-registered Financials closed barely changed.

Soth African Financials showed Anglo American 4 better at 309p on consideration of the fifteen months' results announced on Monday. A good demand for De Beers left the shares 3 firmer at 352p, while Scatrust rose a similar amount to a 1978 high of 214p.

In Coppers, Minorco advanced strongly to close 8 better at a new high for the year of 180p reflecting persistent U.S. interest following the company's bid for Inspiration Consolidated Copper.

Elsewhere Yukon Consolidated continued to gain ground and closed 5 to the good at a 1978 high of 172p.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 7	Jun. 20	Aug. 31	Sep. 14
Jun. 20	July 4	Sep. 14	Sep. 28
July 14	July 18	Sep. 28	Oct. 12

For rate indications see end of Share Information Service

Money was given for the call in Blackman and Conrad, Compton Sons and Webb, Lonrho, UDT, Tricentrol, Northern Engineering, Ultramar, Debenhams, Oxley Printing, Royco, Burmah Oil, English Property and Premier Consolidated Oil, while doubles were arranged in Polymark, Oxley Printing, and Charterhall.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	135	—	146	—	167	—	875p
BP	800	94	1	107	—	130	—	
BP	850	42	—	67	2	94	—	
BP	900	15½	10	42	—	66	1	
Com. Union	140	13	—	20	—	22	—	150p
Com. Union	160	3½	—	10	—	14	—	
Cons. Gold	160	18	1	27	—	31½	—	174p
Cons. Gold	180	7	—	16	5	20½	—	
Courtaulds	100	24½	5	27	—	29½	10	124p
Courtaulds	110	17	—	20	—	20	—	
Courtaulds	120	9½	20	14	—	16½	[illegible]	
Courtaulds	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	261p
GEC	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	115p
Grand Met.	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	391p
ICI	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	216p
Land Secs.	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	146p
Marks & Sp.	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	560p
Shell	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			180		132		57	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or–	Div.	Times Covered	Gross Yield	P/E Ratio
75	F.P.	—	93	89	Bramall (C.D.)	91	+2	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	162	[illegible]	Eurotherm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FINANCIAL TIMES STOCK INDICES

	June 6	June 5	June 2	June 1	May 31	May 30	A year ago
Government Secs.	68.82	68.70	69.36	69.90	70.15	69.92	[illegible]
Fixed Interest	70.73	70.73	71.33	71.70	71.77	71.76	[illegible]
Industrial Ordinary	477.7	474.5	475.5	478.2	478.8	[illegible]	[illegible]
Gold Mines	153.9	154.0	158.7	155.2	156.1	[illegible]	[illegible]
Ord. Div. Yield	5.55	5.58	5.56	5.53	5.52	5.59	[illegible]
Earnings Yld % (full)	16.15	16.22	16.17	16.45	16.40	16.59	[illegible]
P/E Ratio (net)	8.29	8.24	8.27	8.18	8.19	8.10	[illegible]
Dealings marked	4,644	4,644	4,998	4,831	4,342	[illegible]	[illegible]
Equity turnover £m	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	—	14,332	12,595	14,374	14,264	12,587	[illegible]

[illegible]

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (5/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (6/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 6	June 5
—Daily		
Gilt-Edged	160.3	150.3
Industries	159.8	162.2
Speculative	36.7	33.1
Totals	105.7	105.7
Daily Av'rage		
Gilt-Edged	152.7	149.3
Industrials	163.7	164.3
Speculative	39.8	39.7
Totals	106.8	106.5

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (151)

BRITISH FUNDS (1)
FOREIGN BONDS (1)
AMERICANS (11)
CANADIANS (3)
BANKS (3)
BEERS (2)
BUILDINGS (8)
CHEMICALS (3)
DRAPERY & STORES (9)
ELECTRICALS (4)
ENGINEERING (5)
FOODS (3)
HOTELS (3)
INDUSTRIALS (27)
INSURANCE (1)
MOTORS (2)
NEWSPAPERS (1)
PAPER & PRINTING (3)
PROPERTY (3)
SHIPPING (3)
SHOES (1)
TEXTILES (3)
TRUSTS (36)
OVERSEAS TRADERS (1)
TEAS (5)
MINES (5)

NEW LOWS (10)

BRITISH FUNDS (5)
Treas. 10½pc 1978 Funds. 5½pc 78-80 Treas. 10½pc 1979 Treas. 3½pc 79-81 Treas. 9½pc 1980

LOANS (1)
FFI 14pc 1983

BANKS (1)
Midland 10¼pc '93-98

INDUSTRIALS (1)
Glaves Group

SHOES (1)
Footwear Invs.

TEXTILES (1)
Bright (J.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	12	878	+10	892	720
Barclays Bank	£1	10	328	—	358	296
Shell Transport	25p	10	561	+ 7	586	484
BATs Defd.	25p	9	285	− 3	296	227
GEC	25p	9	261	+ 2	278	233
Boots	25p	8	192xd	+ 1	231	184
ICI	£1	8	392	+ 4	396	328
Albright & Wilson	25p	7	157	—	166	85
Commercial Union	25p	7	150	+ 2	159	138
P. & O. Defd.	£1	7	100	+ 3	118	91
Beecham	25p	6	653	—	678	588
EMI	50p	6	147	+ 1	190	141
Grand Met.	50p	6	115	—	117½	87
GUS A	25p	6	276	+ 2	312	256
RTZ	25p	6	228	—	228	164

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Tues., June 6, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Mon. June 5 Index No.	Fri. June 2 Index No.	Thurs. June 1 Index No.	Wed. May 31 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (171)	215.07	+0.5	17.46	5.57	8.00	214.05	214.16	215.32	214.74	[illegible]
2 Building Materials (28)	190.34	+0.4	18.03	5.70	7.59	189.59	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	351.09	+1.4	19.44	3.89	7.53	346.25	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	453.39	+0.7	15.12	3.92	9.36	450.02	450.55	454.31	[illegible]	[illegible]
5 Engineering Contractors (14)	319.04	+0.3	18.50	6.39	7.32	318.10	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (71)	175.12	+0.3	18.29	6.07	7.44	174.58	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (17)	164.63	+0.3	17.41	8.56	7.84	164.25	[illegible]	[illegible]	[illegible]	[illegible]
11 CONSUMER GOODS (DURABLE) (53)	196.09	+0.5	16.95	4.85	8.50	195.08	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio TV (16)	230.60	+0.7	15.18	3.20	9.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	177.90	+0.4	16.25	6.77	8.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (25)	125.51	+0.5	19.74	6.14	7.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GOODS (NON-DURABLE) (173)	202.86	+0.3	15.77	5.77	8.69	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	234.50	−0.1	14.54	5.76	9.89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	258.95	−0.4	15.62	5.56	9.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	262.46	+0.5	13.41	6.50	10.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	196.11	+0.3	19.87	5.66	6.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	198.07	+0.2	14.58	4.12	9.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	376.69	+1.8	10.50	9.29	13.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	132.52	+1.0	19.65	8.04	7.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (39)	180.57	+0.5	11.67	4.51	12.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (25)	183.12	+0.3	17.03	7.62	7.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobacco (3)	253.46	−0.8	21.81	7.39	5.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	107.21	[illegible]	19.74	5.82	6.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (97)	199.64	+0.5	16.23	5.71	8.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (19)	258.92	+0.9	16.21	6.12	7.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	259.38	+0.2	11.41	3.95	10.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	137.11	+1.8	17.67	4.74	8.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	442.23	+0.7	18.92	7.12	6.43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (55)	196.00	+0.2	17.07	6.61	7.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (495)	211.58	+0.4	16.38	5.68	8.32	210.72	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (5)	496.98	+1.2	14.85	3.98	7.30	490.89	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	235.21	+0.5	16.14	5.39	8.15	233.96	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (100)	164.79	+0.5	—	5.66	—	163.92	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	189.29	+0.9	25.00	5.69	5.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	198.35	[illegible]	—	8.59	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	140.60	—	13.92	5.55	10.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	137.89	+0.5	—	6.60	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	127.28	+2.2	—	7.55	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	330.34	+0.1	14.11	4.74	10.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	81.63	[illegible]	—	6.80	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (31)	238.15	+0.5	2.88	3.02	66.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (7)	108.93	+0.5	24.51	7.47	5.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (50)	209.29	+0.9	3.23	4.75	30.92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	100.36	−0.1	16.68	6.86	7.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (19)	312.91	+0.7	16.07	6.66	7.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (673)	216.71	+0.5	—	5.46	—	215.68	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Tues. June 6	Day's change %	xd adj. To-day	xd adj. 1978 to date
1 Under 5 years	104.31	+0.08	—	3.96
2 5-15 years	113.18	+0.07	—	3.76
3 Over 15 years	118.45	+0.24	—	4.97
4 Irredeemables	121.89	—	—	6.30
5 All stocks	110.40	+0.17	—	4.34

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Tues. June 6	Mon. June 5	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

	Tuesday, June 6 Index No.	Yield %	Monday June 5	Friday June 2	Thurs. June 1	Wed. May 31	Tues. May 30	Friday May 26	Thurs. May 25	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	57.14	12.99	57.22	57.27	57.34	57.34	57.37	57.55	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	52.23	13.55	52.23	52.21	52.21	51.75	51.70	51.70	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	71.49	12.96	71.52	71.52	71.56	71.72	71.79	71.66	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031
Gth. Prop. June 6 ... 70.1 79.5 — —

Eagle Star Insur/Midland Ass.
1, Threadneedle St., EC2. 01-588 1212
Eagle/Mid. Units ... 51.8 53.7 +0.2 5.82

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe. 0494 33377

Equity Fd.	114.3	120.3	+0.8	—
Property Fd.	105.7	111.2	+0.1	—
Fixed Interest F.	104.6	110.1	+0.3	—
Gtd. Deposit Fd.	98.8	103.9	+0.1	—
Mixed Fd.	109.1	114.8	+0.4	—

Merchant Investors Assurance
125, High Street, Croydon. 01-686 9171

Property	152.5	.....	—
Property Pens.	159.1	.....	—
Equity	57.5	.....	—
Equity Pens.	164.2	.....	—
Money Market	139.1	.....	—
Money Mkt. Pens.	179.2	.....	—
Deposit	128.2	.....	—
Deposit Pens.	139.1	.....	—
Managed	103.9	.....	—
Managed Pens.	135.1	.....	—
Intl. Equity	103.5	.....	—
Intl. Managed	102.5	.....	—

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	80.3	84.5	.....	—
Nelex Eq. Accum.	113.7	119.7	−0.3	—
Nelex Money Cap.	61.3	64.5	.....	—
Nelex Mon. Acc.	64.8	68.2	.....	—
Nelex Gth Inc Acc.	49.1	51.6	.....	—
Nelex Gth Inc Cap.	49.8	52.4	.....	—
Nel Mxd. Fd. Cap.	47.8	50.3	.....	—
Nel Mxd. Fd. Acc.	48.2	50.7	.....	—

Next Sub. Day May 25
For New Court Property see under Rothschild Asset Management

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hill Samuel §	9 %
Allied Irish Banks Ltd.	9 %	C. Hoare & Co. †	9 %
American Express Bk.	9 %	Julian S. Hodge	10 %
Amro Bank	9 %	Hongkong & Shanghai	9 %
A P Bank Ltd.	9 %	Industrial Bk. of Scot.	9 %
Henry Ansbacher	9 %	Keyser Ullmann	9 %
Banco de Bilbao	9 %	Knowsley & Co. Ltd.	11½%
Bank of Credit & Cmce.	9 %	Lloyds Bank	9 %
Bank of Cyprus	9 %	London Mercantile	9 %
Bank of N.S.W.	9 %	Edward Manson & Co.	10½%
Banque Belge Ltd.	9 %	Midland Bank	9 %
Banque du Rhone	9½%	■ Samuel Montagu	9 %
Barclays Bank	9 %	■ Morgan Grenfell	9 %
Barnett Christie Ltd.	9½%	National Westminster	9 %
Bremar Holdings Ltd.	10 %	Norwich General Trust	9 %
Brit. Bank of Mid. East	9 %	P. S. Refson & Co.	9 %
■ Brown Shipley	9 %	Rossminster Accept'cs	9 %
Canada Perm't. Trust	9 %	Royal Bk. Canada Trust	9 %
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	9 %
Cayzer Ltd.	9½%	E. S. Schwab	10½%
Cedar Holdings	9½%	Security Trust Co. Ltd.	10 %
■ Charterhouse Japhet	9 %	Shenley Trust	11 %
Choulartons	9 %	Standard Chartered	9 %
C. E. Coates	10 %	Trade Dev. Bank	9 %
Consolidated Credits	9 %	Trustee Savings Bank	9 %
Co-operative Bank *	9 %	Twentieth Century Bk.	10 %
Corinthian Securities	9 %	United Bank of Kuwait	9 %
Credit Lyonnais	9 %	Whiteaway Laidlaw	9½%
The Cyprus Popular Bk.	9 %	Williams & Glyn's	9 %
Duncan Lawrie ¶	9 %	Yorkshire Bank	9 %
Eagil Trust	9 %		
English Transcont.	10 %		
First London Secs.	9 %		
First Nat. Fin. Corpn.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	9 %		
Greyhound Guaranty	9 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½% and over £25,000 6¾%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6¼%.
¶ Rate also applies to Sterling Ind. Securities.

AUTHORISED UNIT TRUSTS

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)
Milburn House, Newcastle-upon-Tyne 21165

Carliol	66.0	70.5	.....	4.22
Do. Accum. Units	82.5	84.0	.....	4.22
Do. High Yield	41.1	43.6	.....	8.42
Do. Accum. Units	51.2	53.7	.....	8.42

Next dealing date June 14

Charities Official Invest. Fd◆
77 London Wall, EC2N 1DB. 01-588 1815
Income May 16 ... 135.2 — 6.60
Accum. May 16 ... 256.5 — ..... —
◆Unauth. Only available to Reg. Charities.

Charterhouse Japhet♥
1, Paternoster Row, EC4. 01-248 3999

C.J. Internat'l	23.6	25.2	.....	2.00
Accum. Units	27.8	29.6	.....	2.00
C.J. Income	34.0	36.2	.....	7.74
C.J. Euro. Fin.	26.2	28.0	.....	4.28
Accum. Units	30.4	32.4	.....	4.28
C.J. Fd. Inv. Tst.	26.8	28.6	.....	3.82
Accum. Units	30.8	32.8	.....	3.82

Price May 31. Next dealing June 7.

Chieftain Trust Managers Ltd.♥(a)(g)
11 New St. EC2M 4TP. 01-283 2632

American	(z)24.2	26.0	+0.7	1.54
High Income	40.7	43.8	.....	9.45
International Tst.	(z)24.4	26.2	+0.2	3.22
Basic Resrce. Tst.	26.6	28.6	+0.3	4.37

Confederation Funds Mgt. Ltd.♥ (a)
50 Chancery Lane, WC2A 1HE 01-242 0282
Growth Fund ... 40.4 43.5 +0.1 4.37

Cosmopolitan Fund Managers.
3a Pont Street, London SW1X 9EJ. 01-235 8525.
Cosmopoln. Gth. Fd. 17.9 19.2 ..... 4.75

Crescent Unit Tst. Mgrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3. 031-226 4931

OFFSHORE AND OVERSEAS FUNDS

Keyselex Mngt., Jersey Ltd.
PO Box 98, St Helier, Jersey. (Eng. 01-606 7070)

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

World Wide Growth Management◆
10a Boulevard Royal, Luxembourg

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. ∅ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281 Greenwich High Road, Greenwich, SE10 8NL.
*Deposit Rate 5.25, Share Accounts 5.60, Sub'pn. Shares 6.75. Term Shares 2 yrs. ½% above share rate, 3 yrs. 1% above share rate. Interest paid quarterly on shares term shares. Monthly income share 5.60%.

LONDON GOLDHAWK
(01-995 8321)
15-17 Chiswick High Road, London W4 2NG.
Deposit Rate 5.25, Share Accounts 5.75, Sub'pn. Shares 7.00

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102$\frac{13}{16}$	100$\frac{3}{32}$	Treasury 10$\frac{1}{2}$pc '78‡‡	100$\frac{3}{16}$xd	–$\frac{1}{32}$	10.48	9.09
99$\frac{5}{8}$	98$\frac{5}{8}$	Exch. 5pc '76-78‡‡	98$\frac{13}{16}$	......	5.06	8.82
105$\frac{1}{8}$	101$\frac{5}{16}$	Treasury 11$\frac{1}{2}$pc '79‡‡	101$\frac{11}{16}$	......	11.31	9.05
97	94$\frac{3}{4}$	Treasury 3pc '79‡‡	95$\frac{1}{8}$	+$\frac{1}{8}$	3.15	7.02
97$\frac{7}{8}$	95$\frac{1}{8}$	Electric 4$\frac{1}{4}$pc '74-79	95$\frac{3}{8}$	+$\frac{1}{8}$	4.46	8.02
104$\frac{11}{16}$	100	Treasury 10$\frac{1}{2}$pc '79‡‡	100	–$\frac{1}{16}$	10.49	10.39
96$\frac{1}{2}$	94$\frac{3}{4}$	Electric 3$\frac{1}{2}$pc '76-79	95$\frac{1}{8}$	+$\frac{1}{8}$	3.67	6.91
103$\frac{1}{8}$	97$\frac{1}{8}$	Treasury 9pc 1980‡‡	97$\frac{1}{8}$	......	9.27	10.82
102$\frac{1}{16}$	98	Treasury 9$\frac{1}{2}$pc '80‡‡	98	–$\frac{1}{16}$	9.69	10.65
95$\frac{1}{8}$	92$\frac{3}{8}$	Treasury 3$\frac{1}{2}$pc '77-80	92$\frac{5}{8}$xd	–$\frac{1}{8}$	3.78	7.50
96$\frac{1}{2}$	93$\frac{1}{4}$	*Funding 5$\frac{1}{4}$pc '78-80‡‡*	93$\frac{1}{4}$xd	–$\frac{1}{4}$	5.63	8.98
110$\frac{1}{4}$	103$\frac{1}{16}$	Exchequer 13pc 1980‡‡	103$\frac{5}{16}$	+$\frac{1}{8}$	12.58	11.38
106$\frac{1}{4}$	99$\frac{13}{16}$	Treasury 11$\frac{1}{2}$pc 1981‡‡	100	–$\frac{1}{16}$	11.50	11.48
91$\frac{5}{8}$	88$\frac{1}{4}$	Treasury 3$\frac{1}{2}$pc 1979-81	88$\frac{1}{4}$	–$\frac{1}{8}$	3.97	8.46
101$\frac{3}{4}$	96$\frac{1}{2}$	Treasury 9$\frac{3}{4}$pc 1981‡‡	96$\frac{5}{16}$	–$\frac{1}{16}$	10.12	11.28
97$\frac{7}{8}$	92$\frac{1}{2}$	Exch. 8$\frac{1}{4}$pc 1981	92$\frac{11}{16}$xd	–$\frac{1}{16}$	8.90	11.18
100$\frac{3}{4}$	94$\frac{1}{2}$	Exch. 9$\frac{1}{2}$pc 1981	94$\frac{5}{8}$	+$\frac{1}{8}$	10.04	11.57
87$\frac{13}{16}$	85$\frac{5}{8}$	Exch. 3pc 1981	85$\frac{5}{8}$	......	3.50	8.18
97	96$\frac{1}{2}$	Treas Variable '81‡‡	97	+$\frac{1}{16}$	9.56	10.20
111	102$\frac{7}{8}$	Exch. 12$\frac{3}{4}$pc 1981‡‡	103	–$\frac{1}{8}$	12.38	11.64
99$\frac{7}{8}$	91$\frac{1}{2}$	Treas 8$\frac{1}{2}$pc '80-82‡‡	91$\frac{5}{8}$	+$\frac{1}{8}$	9.28	11.38
86$\frac{5}{8}$	83$\frac{1}{4}$	Treasury 3pc '82‡‡	83$\frac{1}{4}$	......	3.60	8.36
115$\frac{7}{8}$	106$\frac{5}{8}$	Treasury 14pc '82‡‡	106$\frac{11}{16}$	+$\frac{1}{16}$	13.12	11.72
96	95$\frac{1}{2}$	Treas Variable '82‡‡	96xd	–$\frac{1}{16}$	6.76	10.50
96$\frac{3}{8}$	89$\frac{5}{8}$	Treasury 8$\frac{1}{4}$pc '82	89$\frac{13}{16}$xd	+$\frac{1}{16}$	9.19	11.46
100$\frac{3}{4}$	92$\frac{1}{8}$	Exch. 9$\frac{1}{4}$pc 1982	92$\frac{5}{16}$	–$\frac{1}{16}$	10.02	11.54
94$\frac{3}{4}$	92$\frac{1}{8}$	Exch. 9$\frac{1}{4}$pc 1982 A●	92$\frac{3}{16}$	+$\frac{1}{16}$	10.02	11.57
96$\frac{11}{16}$	90$\frac{1}{8}$	Exch. 8$\frac{3}{4}$pc 1983	90$\frac{1}{4}$xd	+$\frac{1}{8}$	9.69	11.55
85$\frac{3}{4}$	79$\frac{5}{8}$	Exch 3pc '83	79$\frac{5}{8}$	......	3.77	8.31
114$\frac{1}{4}$	101$\frac{1}{8}$	Treasury 12pc 1983‡‡	101$\frac{1}{2}$	+$\frac{1}{8}$	11.85	11.63
		Five to Fifteen Years				
100$\frac{1}{8}$	93$\frac{7}{8}$	Treasury 9$\frac{1}{2}$pc '83	94$\frac{1}{8}$	+$\frac{1}{4}$	10.21	11.75
89$\frac{5}{8}$	82$\frac{1}{2}$	Funding 5$\frac{1}{2}$pc '82-84‡‡	82$\frac{3}{4}$	+$\frac{1}{4}$	6.82	10.11
96$\frac{7}{8}$	86$\frac{1}{8}$	Treasury 8$\frac{1}{2}$pc '84-86‡‡	86$\frac{1}{2}$xd	+$\frac{1}{4}$	9.75	10.94
87$\frac{5}{8}$	77$\frac{1}{4}$	Funding 6$\frac{1}{2}$pc '85-87‡‡	77$\frac{1}{2}$	+$\frac{1}{4}$	8.46	10.57
89$\frac{5}{8}$	81$\frac{1}{2}$	Treasury 7$\frac{3}{4}$pc '85-88‡‡	82	+$\frac{1}{4}$	9.79	11.35
68$\frac{3}{8}$	60$\frac{1}{8}$	Transport 3pc '78-88	60$\frac{1}{4}$xd	+$\frac{1}{8}$	4.96	9.08
75$\frac{5}{8}$	64$\frac{1}{4}$	Treasury 5pc '86-89	64$\frac{3}{8}$	+$\frac{1}{8}$	7.86	10.56
115$\frac{1}{4}$	106$\frac{7}{8}$	Treasury 13pc 1990‡‡	107	+$\frac{1}{2}$	12.76	12.67
89$\frac{7}{8}$	77$\frac{1}{2}$	Treasury 8$\frac{1}{4}$pc '87-90‡‡	77$\frac{5}{8}$xd	+$\frac{1}{8}$	10.60	11.74
106$\frac{1}{2}$	92$\frac{1}{2}$	Treasury 11$\frac{3}{4}$pc 1991	92$\frac{3}{4}$xd	+$\frac{1}{4}$	12.53	12.75
75$\frac{1}{8}$	63$\frac{3}{8}$	Funding 5$\frac{3}{4}$pc '87-91‡‡	63$\frac{1}{2}$	+$\frac{1}{8}$	9.20	11.37
112$\frac{1}{8}$	103$\frac{1}{4}$	*Treasury 12$\frac{1}{4}$pc '92‡‡*	103$\frac{5}{8}$	+$\frac{1}{4}$	12.89	12.92
96$\frac{1}{8}$	85$\frac{1}{2}$	Treasury 10pc 1992	86	+$\frac{1}{4}$	12.03	12.61
113	98$\frac{3}{4}$	Exch. 12$\frac{1}{4}$pc '92	99	+$\frac{1}{4}$	12.82	12.93

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FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
19$\frac{1}{2}$	17	Antofagasta Rly.	19	......	—	—
34	33	Do. 5pc Pref.	33xd	......	—	—
98	98	Chilean Mixed	98	......	3	£3.10
415	350	German Yng. 4$\frac{1}{2}$pc	405xd	......	4$\frac{1}{2}$	—
54	46	Greek 7pc Ass.	54xd	......	3$\frac{1}{2}$	f6.48
51	46	Do 6pc 28 Stab Ass.	51	......	6	f6.00
44	40	Do 4pc Mixed Ass.	43	......	4	f4.76
55	42	Hung. '24 Ass.	55	......	4$\frac{1}{2}$	5.00
77	67	Iceland 6$\frac{1}{2}$pc '83-88	67xd	......	—	12.80
88	84	Ireland 7$\frac{1}{2}$pc '81-83	85	+$\frac{1}{4}$	7$\frac{1}{2}$	12.36
91	79$\frac{1}{2}$	Do 9$\frac{1}{4}$pc '91-96	79$\frac{1}{2}$	......	9$\frac{3}{4}$	13.02

BONDS & RAILS—Cont.

AMERICANS

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CANADIANS

S.E. List Premium 48% (based on $2.0349 per £)

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CENTRAL RAND

EASTERN RAND

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O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh 50c	185	......	Q50c	1.3	23.1
24	15	Rhod'n Corp 16½p	16½	−½	0.56	7.1	5.1
90	52	Roan Cons. K4	75	−3	—	—	—
175	122	Tanganyika 50p	162	......	Q10.0	ϕ	6.4
90	78	Do. Pref. 80p	90	......	Q7%	16.4	8.0
41	32	Wankie Col. Rh 1	36	......	tQ7½c	2.4	17.8
16½	10	Zam Cpr SBD0.24	15½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	15	......	—	—	—
[illegible]	64	Bougainville SA1	129	−1	Q8c	1.4	3.9
101	63	BH South 50c	98	−2	—	—	—
245	148	Conzinc Riotinto SA1	232	......	Q10c	2.2	2.7
72	48	G.M. Kalgoorlie SA1	54	......	—	—	—
133	81	Hampin Areas 5p	132	......	1.45	4.1	1.7
40	10	Metals Ex. 50c	35	−1½	—	—	—
215	125	M.I.M. Hldgs. 50c	212	......	Q9c	1.7	2.6
39	10	Mount Lyell 25c	39	−1	—	—	—
6½	2½	Newmetal 10c	5½	......	—	—	—
125	79	North B. Hill 50c	126	......	Q6c	1.5	3.9
15½	8½	Nth. Kalgurli	15	......	—	—	—
162	117	Oakbridge SA1	161	−2	tQ11c	1.9	4.3
58	30	Pacific Copper	47	−1	—	—	—
£14	750	Pancont 25c	£13¼	−¼	—	—	—
38	12	Paringa M&Ex 5p	35	−2	—	—	—
510	320	Peko-Wallsend 50c	508	−1	Q15c	4.0	1.8
135	84	Westn. Mining 50c	127	−1	‡Q6c	1.4	‡
70	35	Whim Creek 20c	60	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
30	24	Amal. Nigeria	26	......	t2.51	1.6	14.6
360	240	Ayer Hitam SM1	350	......	[illegible]	0.9	‡
60	45	Beralt Tin	55	......	3.75	4.4	10.8
290	200	Berjuntai SM1	280	......	‡Q110c	ϕ	‡
145	111	Geevor	135	......	n4.51	3.4	5.1
10	8½	Gold & Base 12½p	10	......	—	—	—
290	220	Gopeng Cons.	290	......	15.0	0.9	7.9
165	130	Hongkong	165	......	—	—	—
93	78	Idris 10p	88	......	12.0	1.6	21.8
21	10	Jantar 12½p	10½	−½	—	—	—
73	68	Kamunting SM0.50	68	......	[illegible]	0.7	4.9
480	450	Killinghall	480	......	Q125	ϕ	26.0
400	280	Malay Dredging SM1	385	......	tQ95c	0.8	5.3
70	40	‡Pahang	70	......	‡Q3.75c	0.5	‡
62	50	Penghalen 10p	60	......	6.5	1.3	16.7
210	165	Petaling SM1	210	......	tQ80c	1.6	8.7
61	49	Saint Piran	54	......	[illegible]	4.6	5.6
61	47	South Crofty 10p	55	......	b4.13	2.5	11.2
205	140	South Kinta SM0.50	200	......	tQ77.8c	1.4	8.4
305	230	Sthn. Malayan SM1	300	......	[illegible]	1.1	9.4
208	134	Sungei Besi SM1	205	......	—	—	—
75	55	Supreme Corp SM1	75	......	ZQ10c	—	2.9
100	85	Tanjong 15p	92	......	6.5	0.8	10.7
100	74	Tongkah Hrbr SM1	96	......	[illegible]	1.6	‡
220	148	Tronoh SM1	210	......	ZQ88c	1.6	9.0

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
100	70	Messina R0.50	98	−1	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
17	9	Burma Mines 17½p	15	......	—	—	—
300	220	Cons. Murch. 10c	230	......	Q30c	2.6	7.8
440	245	Northgate C$1	440	......	—	—	—
228	164	R.T.Z.	226	......	9.5	2.8	6.3
46½	30	Sabina Inds. C$1	42	−1	—	—	—
£12	750	Tara Explrn. $1	£11⅞	−⅛	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	ϕ	4.7
172	120	Yukon Cons. C$1	172	−5	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ★ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: ■ ex dividend; ■ ex scrip issue; ■ ex rights; ■ ex all; ■ ex capital distribution.

"Recent Issues" and "Rights" Page 38

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdgwtr Est 50p	268	......
Clover Croft	23	......
Craig & Rose £1	450	−30
Dyson (R. A.) A	37	......
Ellis & McHdy	62	......
Evered	17	−½
Fife Forge	50	......
Finlay Pkg 5p	23	......
Graig Ship £1	154	−4
Higsons Brew	82	......
I.O.M. Stm £1	150	......
Holt (Jos) 25p	265	......
N'thn. Goldsmith	54	......
Pearce (C. H.)	158	......
Peel Mills	20	......
Sheffield Brick	45xd	−1
Sheff. Refrshmt	52	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£89½	−1⅛
Alliance Gas	75	+2
Arnott	346	......
Carroll (P.J.)	92	+2
Clondalkin	98	......
Concrete Prods.	135	+2
Heiton (Hldgs.)	41	......
Ins. Corp	148	......
Irish Ropes	130	......
Jacob	68	......
Sunbeam	33	−1
T.M.G.	170	−3
Unidare	90	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	16	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P&O Dfd	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	35		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday June 7 1978

West German Minister quits over kidnap

BY JONATHAN CARR

BONN, June 6.

HERR WERNER MAIHOFER, the West German interior minister, resigned to-day—taking responsibility for errors in the hunt last year for the industrialist, Dr. Hanns-Martin Schleyer, and the terrorists who kidnapped and subsequently murdered him.

Herr Maihofer's action comes two days after a severe setback for his liberal Free Democratic Party in provincial elections, a blow to which Herr Maihofer's accumulated misfortunes in office are felt to have contributed.

Chancellor Helmut Schmidt to-day praised Herr Maihofer for his fairness, humanity, and for taking responsibility in a matter where others were involved in error, too. A report, released last week-end, on the hunt for Dr. Schleyer, criticised by implication not only Herr Maihofer but also a provincial Interior Minister and the Federal Criminal Bureau.

However, Herr Maihofer, aged 59, has been steadily losing support both within his own party and in its partner in the Federal Coalition Government, the Social Democrats.

Ten Left-wing members of the SPD recently called on him to step down because members of the Federal Border Protection Force, which comes under his responsibility, had been taking the names of those at airports found in possession of "Left-wing" literature.

A year earlier Herr Maihofer was also at the centre of a row involving the bugging of the home of an atomic scientist suspected of having contact with terrorists.

These affairs have eroded the widespread respect in which he was held when he took over the Interior Ministry in May, 1974.

He is the third Minister in West German history to resign the Interior Ministry job—widely regarded as one of the most backbreaking, and heart-breaking, in Bonn. Its responsibilities range from sport and environmental protection to nuclear reactor safety and the war on terrorism.

Distinction

Her Maihofer, earlier a law professor at the universities of Saarbruecken and Bielefeld, was long seen as a father of modern German liberalism. He provided much of the intellectual distinction in a programme giving the FDP a clear identity instead of a somewhat vague outline as coalition partner for Social or Christian Democrats.

As Minister for Special Tasks in the cabinet of the former Chancellor, Herr Willy Brandt, he also played a key role in the search for coalition compromise on worker co-determination in German industry.

No successor to Herr Maihofer has so far been named. As a small party, collecting only 7.9 per cent of the vote at the last general election, the FDP has distinct problems in finding new Cabinet-quality personnel.

Tax relief for self-employed who work abroad

By John Hunt, Parlimentary Correspondent

THE GOVERNMENT last night agreed to a Conservative amendment to the Finance Bill increasing tax relief for self-employed people who spent part of their time working abroad.

The Budget proposed that self-employed who work overseas for at least 60 days in the year can, for tax purposes, deduct 25 per cent of the profits from the trade attributable to the number of days worked abroad in the year of assessment.

As a result of last night's surprise move in the Finance Bill committee, the qualifying period is to be halved. This brings the self-employed into line with employed people who were given a similar 30-day concession in last year's Finance Bill.

The Government concession was seen as another example of the influence of Mr. Harold Lever, Chancellor of the Duchy of Lancaster, in his campaign to persuade the self-employed that the Labour Government is not hostile to them.

Announcing the concession, Mr. Robert Sheldon, Financial Secretary to the Treasury, told the committee: "This will be well received as evidence of our intentions concerning the efforts of the self-employed and those who contribute so much to our international involvement in trade."

Parliament, Page 10

EUROPEAN PARLIAMENT

Owen demands decision on MPs' salaries

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

LUXEMBOURG, June 6.

DR. DAVID OWEN, the Foreign Secretary, called today for an early decision the EEC Council of Ministers on the level of salaries to be paid to members of the future directly-elected European Parliament.

He suggested that the issue should be tackled in earnest when Foreign Ministers of the Nine meet later this summer to confirm the date for the first set of direct elections, provisionally scheduled to take place between June 7-10 next year.

Allowances

Dr. Owen coupled his demand with a strong warning that there was no question of fixing European MPs' salaries at a level near the top end of the range of salaries paid to members of national parliaments of the Nine.

German MPs are the best paid in the EEC, receiving a basic salary of DM84,000 (about £21,000) a year, plus office and staff allowances. British MPs are close to the bottom of the list, earning a basic salary of £6,270 a year, with an allowance of £2,534 if they represent an out-of-London constituency, and a secretarial allowance of up to £3,687.

Dr. Owen warned that any move to fix European MPs' salaries much above the national level in Britain would cause resentment in Westminster and could unleash strong wage inflation pressures throughout the UK public sector.

He favoured paying European MPs a salary close to the British level and topping this up with allowances to cover their living and working expenses outside the UK. They should pay tax to the British Government, unlike British citizens employed by the European Commission, who are taxed at a modest rate by the EEC.

Continued from Page 1

BTR move into U.S.

emerged on Sunday evening.

BTR said last night that the agreement it had reached was not conditional on the outcome of its planned offer for the rest of the shares. It is, however, subject to certain technical conditions.

The U.S. directors will recommend formal acceptance of the BTR offer to a board meeting tomorrow, but the final outcome of the take-over is still in the balance.

BTR neds little more than 18 per cent more to gain a controlling holding.

The Worcester group, whose chief products are ball valves and associated pneumatic and electric activators for the chemical and oil process, paper and other industries, had sales in the year 1976-77 of \$51m, from which there were earnings of \$2.9m; in the following six months, to February 1978, sales were at the higher rate of \$30m,

THE LEX COLUMN

Gilt-edged await an initiative

The eligible liabilities of the banking sector rose, roughly as the market has been expecting, by some 1.4 per cent in the May banking month. There is, moreover, strong evidence that the recently more buoyant trend of bank lending to the private sector has been texended, with a rise of £307m in sterling advances by the clearing banks, in a month which seasonally would be expected to show a fall.

As always, it is dangerous to draw a direct parallel between the clearers and the banking sector as a whole, for often the non-clearers show a quite different pattern while money market factors also play an important role (this month, for instance, the clearers' holdings of commercial bills, an alternative form of lending, fell back). But it seems likely that the money supply, on the sterling M3 measure, will show a rise at least of the order of 1 per cent, compared with an official target equivalent to 0.8 per cent. And this will happen despite the impact of the substantial support for sterling towards the end of calendar April, implying a large element of external finance in banking May. Hardly any gilt-edged have been sold in recent weeks, and domestic credit expansion is bound to be running at an excessively high rate.

The figures will confirm the gilt-edged market in the view that some initiative will have to be taken by the authorities to get the funding programme under way again. There is much talk of the reimposition of the banking "corset" which would at least give the City the impression that the monetary targets are being taken seriously. There is an increasing build-up of institutional liquidity which on the right signal would be moved heavily into the taps at around current yield levels. Conversely, if there is no official reaction the gilt-edged market will take another turn for the worse.

Why the City has taken the corset so close to its heart is, however, a bit of a mystery. It is a largely cosmetic device designed to make the figures look better, but it appears that the gilt-edged market is merely opting for the best it can realistically hope for in the present political climate. Quite apart from the electioneering aspects of current economic management, the Treasury will be unwilling to embark upon any major changes in budgetary strategy ahead of the next set of official economic forecasts due next month.

This leaves the authorities in a position to argue that it would be wrong to impose a corset on private sector credit mereley to solve a purely technical crisis of institutional confidence. The only way this kind of impasse can be resolved is for some common ground to be established on how the monetary pressures will develop through the year. This is not going to be easily achieved, but if it can be shown that the economy is growing faster than anticipated at the time of the Budget, the Government might just have political room for giving the institutions a little of what they want.

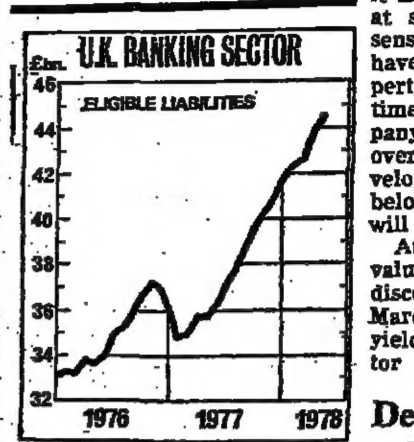
Land Securities

Land Securities' annual property revaluations are eagerly awaited in the property sector. So yesterday's news that the company's properties had appreciated by no less than 21.6 per cent in the year to end March—giving it a portfolio valued at almost £1bn—will have come as a welcome relief.

The other feature of yesterday's preliminary statement which may send a slight shiver through the sector is Land Securities' decision to abandon the practice of capitalising development interest and other expenses through a transfer from capital reserve. (This is one of the more popular methods by which property companies succeed in getting tax relief on these development charges). Land Securities makes no secret of the fact that it is only leaving development interest in the p and l account now because it has enough profits to stand it. In other words it may go back to the old way at some future time if more sensible accounting methods have not bee nagreed for property companies in the meantime. Incidentally, the company is easing in the change over two years. For 1978, development interest goes below the line, next year will be pre-tax.

At 215p the shares look fairly valued at a lower than average discount—29 per cent on the March valuation—while the yield is in line with the sector at 3.7 per cent.

Index rose 3.2 to 477.7



De La Rue

The momentum of De La Rue's profits growth has slowed down in the second half of 1977-78—a period which [illegible] in some exceptionally profitable contracts 12 months earlier. [illegible] the year's outcome is still up [illegible] best hopes at £28.3m, pre-tax against a comparable £23.[illegible] and progress of a similar order is in view this year.

Two-fifths of the group's sales and half its profits now come from banknotes, where De La Rue claims to control around three-quarters of an available international market worth roughly £60m. Profitability [illegible] vary from year to year depending on the timing of contracts but the underlying trend [illegible] appear attractive — volume growth of perhaps 10 per cent a year—and heavy investment in new capacity is under way.

Elsewhere the Crosfield businesses are at last justifying their acquisition four years [illegible] especially on the graphics [illegible] where profits have quadrupled to £2.5m. De La Rue has substantially widened its range of products for the colour printing industry, and sees this a [illegible] growth area.

The overall return on capital is around a third before interest and would have been higher [illegible] for last autumn's rights issue. Questions about the need [illegible] that funding are reinforced [illegible] the news that spending is being comfortably covered by cash flow, and that the group [illegible] has net cash of £18m and [illegible] long-term gearing.

Yet the shares have not recovered all the lost ground and rose another 6p to 3[illegible] yesterday. The yield of 4.8 per cent is well covered by both historic cost and Hyde [illegible] earnings, but the shares [illegible] need a little time to consolidate their recent strength.

Rothmans increases cigarette prices

BY STUART ALEXANDER, INDUSTRIAL STAFF

PRICE INCREASES on most cigarettes produced by Carreras Rothmans, which now claims more than 14 per cent of the UK market, were announced yesterday.

The move comes as British-American Tobacco is offering heavy discounts on its State Express 555 brand in its efforts to break into the UK market.

State Express can be bought for as little as 43p for 20 compared with the recommended retail price of 55p.

Many other king size brands are also available at reduced prices though the other major companies, Imperial Tobacco's W.D. & H.O. Wills and John Player, and Gallaher, are being less active during the BAT launch.

Rothmans is to put 1p a pack immediately onto Piccadilly King Size and Dunhill King Size, though at 54p and 53p they will still be cheaper than the recommended price of most competitors.

Increases of 2p a pack will follow in July on most other Rothmans brands, except Rothmans King Size and Consulate No 2, which went up in March.

The move was described by Mr. Kirkland Blair, managing director of Carreras Rothmans, as essential for more realistic profit margins and a step towards less "wheeling and dealing" in the tobacco trade.

"Most brands in the market place are underpriced, mainly because manufacturers have been frightened to make price increases in such a competitive market," said Mr. Blair.

"We now look to other manufacturers to follow our lead in providing a more realistic level of prices, a reduction in the wheeling and dealing which takes place at the moment, and significantly increased trade margins," he said.

No commitments were made by the other manufacturers yesterday but Gallaher, which makes Benson and Hedges and Silk Cut, said it had always been against price-cutting. Imperial said it would be happy to see the market settle down.

News Analysis Page 7

Moser leaving Whitehall for new career in City

BY PETER RIDDELL

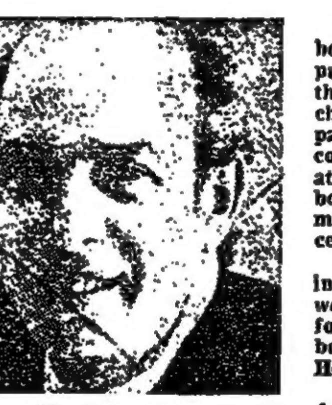
SIR CLAUS MOSER, director of the Central Statistical Office, is to leave Whitehall for the City later this year, four years before he was due to retire.

He will become vice-chairman of N. M. Rothschild and Sons, the merchant bank, and a director of the Economist newspaper.

Sir Claus, 56, is the latest in a lengthening list of senior civil servants who have gone into banking, either after the Whitehall retirement age or in their mid-50s. The most recent examples have been Sir Ronald Macintosh, former director of the National Economic Development Office, to Warburgs; and Sir Derek Mitchell of the Treasury to Guinness Mahon.

Unlike Sir Derek, Sir Claus is leaving on good terms with the Prime Minister and the Government. He commented yesterday that he was moving while still young enough for a new career and to avoid "running out of steam" in his present position.

Sir Claus has headed both the Central Statistical Office and the Government statistical Office for the past 11 years, and is widely credited with the key role in expanding their activities and the range of their publications.



Sir Claus Moser

He was approached about both his new posts a few months ago by Mr. Evelyn de Rothschild, who is both a vice-chairman of the bank and chairman of the Economist.

Sir Claus said he had always believed it was desirable for public servants to move into the private sector. At Rothschilds he is likely to be particularly involved with the corporate finance side, while at the Economist he will become chairman of the Economist Intelligence Unit in succession to Mr. Ian Trafford.

Sir Claus will retain his close involvement with the musical world, notably as chairman, as for the last four years, of the board of the Royal Opera House, Covent Garden.

He will be succeeded on August 1 at the Central Statistical Office by Mr. A. J. Boreham, at 52, present deputy director. The head of the CSO, which is within the Cabinet Office, is a Second Permanent Secretary.

N. M. Rothschild announced yesterday that Mr. Ivor Kennington, a director who was closely concerned with the rescue of Slater Walker, had been appointed a vice-chairman of the bank.

Men and Matters Page 22

Continued from Page 1

Money supply

private sector rose by £307m, in a period when a sizeable fall would be expected on seasonal grounds, this indicated a substantial underlying rise.

Most of the increase was in the non-manufacturing sectors. The banks' quarterly breakdown of lending showed that, over the last three months, lending to manufacturing industry rose by only £113m, while the services sector increased its borrowing by £427m with sharp rises in retail and other distribution. The personal sector also borrowed £215m more.

British Shipbuilders win £14m order for two new vessels

BY IAN HARGREAVES

PIRAEUS, June 6.

BRITISH SHIPBUILDERS today unveiled a series of new standard ship designs by announcing a £14m order for two of them.

The contracts, from an unnamed Greek owner based in the UK, are for two SD18 multi-purpose cargo ships which will be built at the Austin and Pickersgill shipyard, Sunderland, for delivery in the mid-1980s.

The design is a slightly larger version of the highly successful SD14, the 100th of which will be launched on Wearside in the next few weeks. An 18,000 deadweight ton vessel, it has a relatively shallow draft capable of serving the Canadian St. Lawrence Seaway trade.

The new order is the first won by Austin and Pickersgill since it became part of the State-owned British Shipbuilders a year ago. It extends the yard's order book to late 1979.

Backing

It is also the first major ship order booked by British Shipbuilders without subsidy support from the Government's £65m shipbuilding intervention fund.

This gives backing to the often repeated claim of Mr. Derek Kimber, Austin and Pickersgill's chief executive, that because of his yard's highly automated series production techniques, it is still able to compete on price with its international rivals.

The contract price for the ships is, however, unlikely to include much, if any, margin for profit.

An attractive credit package will no doubt be arranged for the Greek owner, but British Shipbuilders' officials stressed that this would be within the terms laid down by the Organisation for Economic Co-operation and Development.

Mr. John Parker, head of marketing with British Shipbuilders, said that recent improvements in the grain markets had improved confidence among shipowners and consequently lifted the level of inquiry for new ships.

"I am certain that we have produced these new ship designs at just the right time. In the next 12 months, the Greek shipowners will again start to order ships," he said.

The other new designs unveiled yesterday are an SD9, 9,000 deadweight ton multi-purpose cargo vessel, also from Austin and Pickersgill, a mark two version of the Clyde 19 cargo liner from Govan, and a 265,000 cubic foot refrigerated cargo ship from Smith's dock of Middlesbrough.

Mr. Gerald Kaufman, the UK Industry Minister who is in Athens for the Posidonia Shipping Exhibition and for talks with the Greek Government, also announced an agreement yesterday which he claims will help Britain to sell ships to the Greeks.

He said that Mr. Emmanuel Kefaloyannis, the Minister of Merchant Marine, had agreed that in future the Greek Government would pass to Britain early market intelligence of the Greek merchant fleet's new building requirements.

It is unlikely that this will have dramatic results as Greek owners are renowned for their resistance to disclosing information to the authorities, but Mr. Kaufman said the arrangement would have special value when Greek State agencies, such as the National Railway, came to order new ferries.

Application

Mr. Kaufman reaffirmed the Government's intention of giving maximum support for British Shipbuilders' marketing efforts through the intervention fund. He said that at present there was only one application on his desk for a slice of the £7m remaining in the fund and that this was from a British owner.

This is thought to refer to an order for ferries placed with Harland and Wolff.

● Mr. Antony Chandris, president of the Union of Greek Shipowners, today renewed his attack upon the decision by the London insurance market to place a heavier weighting on hulls of more than 15 years.

This measure, effective next month, will particularly affect the Greeks because the age profile of their fleet is much older than the average. According to last year's figures, 57 per cent of Greek registered ships were aged over 10 years and 18 per cent over 20 years.

World Shipping News Page 6

Weather

U.K. TODAY

RATHER CLOUDY, bright early in E., some rain spreading from W.

London, S.E., E. Anglia
Bright at first, rain in places later. Max. 19C (66F).

Cent. S. England, Midlands, Channel Is.
Cloudy, rain, sunny intervals. Max. 18C (64F).

S.W. England, S. Wales
Cloudy, rain or drizzle, fog patches. Max. 18C (64F).

N.W., N.E., Cent. N. England, N. Wales, Lakes, I. of Man.
Cloudy, occasional rain, hill fog. Max. 17C (63F).

Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Higslands, Moray Firth
Rain. Brighter later. Hill fog. Max. 16C (61F).

N.E., N.W. Scotland, Argyll, N. Ireland
Rain, brighter later. Max. 15C (59F)

Orkney, Shetland
Dry at first, rain later. Max. 13C (55F).

Outlook: Rain, sunny intervals, cooler.

The pollen count was 21, higher than on Monday but still low.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Alexndria.	F	25	77	Luxemb'g	F	25	77
Amstdm.	F	24	75	Madrid	F	22	72
Athens	S	27	81	Manchstr.	C	17	63
Bahrain	S	34	93	Melbourne	R	11	52
Beirut	S	24	75	Milan	S	27	81
Belfast	C	16	61	Montreal	S	15	59
Belgrade	C	26	79	Moscow	S	16	61
Berlin	S	27	81	Munich	S	26	79
Brmghm.	F	19	66	Newcastle	F	18	64
Bristol	C	16	61	New York	S	20	67
Brussels	R	24	75	Oslo	F	21	70
Budapest	C	24	75	Paris	C	19	66
B. Aires	S	10	51	Perth	C	15	59
Cairo	S	28	82	Prague	S	25	77
Cardiff	C	17	63	Reykjavik	C	7	45
Chicago	S	25	76	Rio de J'o	C	24	74
Cologne	S	27	81	Rome	F	24	75
Copnhagn.	S	24	75	Singapore	C	29	82
Delhi	S	40	105	Stockholm	S	18	64
Dublin	R	15	59	Strasbrg.	F	28	82
Edinburgh	C	17	63	Sydney	R	15	59
Frankfurt	S	28	82	Tehran	S	27	80
Geneva	F	24	75	Tel Aviv	S	24	75
Glasgow	C	15	59	Tokyo	C	26	79
Helsinki	S	23	73	Toronto	S	19	66
H. Kong	C	29	84	Vienna	S	24	75
Jo'burg	S	24	75	Warsaw	C	22	72
Lisbon	F	19	66	Zurich	S	24	75
London	C	20	68				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Jersey	R	15	59
Algiers	C	25	77	Las Plms.	S	24	75
Biarritz	C	17	63	Locarno	S	24	75
Blackpool	S	17	63	Luxor	S	34	93
Bordeaux	F	17	63	Majorca	C	24	75
Boulogne	C	15	59	Malaga	S	26	79
Casablnca.	C	21	70	Malta	S	26	79
Cape Town	S	26	79	Nairobi	S	23	73
Corfu	F	25	77	Naples	S	23	73
Dubrovnik	S	23	73	Nice	S	23	73
Faro	S	21	70	Nicosia	S	26	79
Florence	S	28	82	Oporto	F	19	66
Funchal	F	20	68	Rhodes	S	26	79
Gibraltar	F	21	70	Salzburg	C	27	81
Guernsey	C	15	59	Tangier	C	20	68
Innsbruck	C	28	82	Tenerife	C	20	68
Inverness	F	19	66	Tunis	S	30	86
Isle of Man	C	14	57	Valencia	F	24	75
Istanbul	S	24	75	Venice	F	24	75

F—Fair. S—Sunny. C—Cloudy. R—Rain.

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